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Canada

Targeting Child Poverty in Canada

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Abstract

The purpose of this dissertation is to examine the federal government's program designed to address child poverty after the commitment made by the Canadian parliament, in 1989, to eradicate child poverty by the year 2000. Specifically, the Child Tax Benefit (CTB), the targeted children's poverty program introduced by the federal government in 1993, is analysed in relation to whether it reduced, made no difference, or increased the level and depth of child poverty in Canada.

To examine if there were significant correlational effects among the three years (1990, 1993, 1997) of data used in this study a Structural Equation Model was developed. Relationships of control (or modifying) variables such as total income, wages and salaries, and income after tax, were found to be appropriate predictors when dealing with child poverty. It was also found that each year could be treated/examined separately and that there was very little dependence between years.

The results provide sufficient support to sustain that the effects of the program CTB, on child poverty are negligible. The cutbacks to social assistance through claw backs and de-indexing and overall reduction on expenditures for social programs delivered through the welfare state had deleterious consequences for families and children during the time periods analysed in this study.

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1. Introduction

In 1989 when poverty of all persons in Canada was reported at 3,770,000 (14.1%) and child poverty at 1,016,000 (15.3%), child poverty became a political issue. During his departing speech, the retiring NDP leader Ed Broadbent outlined the unacceptable reality of more than one million Canadian children in poverty, and submitted a resolution that was unanimously passed by the Conservative, Liberal and New Democratic members of Parliament. The resolution read in part:

...That this House express its concern for the more than one million Canadian children currently living in poverty and seek to achieve the goal of eliminating poverty among Canadian children by the year 2000 (House of Commons Debates, 24 November 1989, p. 6178).

This unanimous declaration by the House of Commons committed the Canadian government to eliminate child poverty by the year 2000. It also expressed a determination to take effective action to deal with this serious problem.

In addition to this national commitment the Canadian government affirmed children's rights by signing the United Nations (UN) 1989 *Convention on the Rights of the Child* and was a strong supporter of the 1990 UN sponsored World Summit for Children. As a signatory of the *Convention on the Rights of the Child*, the Canadian state agreed there is a need to extend particular care to the child and that in all of its actions the best interests of the child will be its guiding principle. It also recognized "for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right..." (Article 26.1). Since

the *Geneva Declaration of the Rights of the Child of 1924*, the child¹, it has been recognized that, “by reason of his physical and mental immaturity, needs special safeguards and care, including appropriate legal protection, before as well as after birth” (quoted in *Convention on the Rights of the Child*, p. 2).

In 1992, the federal parliament passed the Conservative government's Bill C-80, which abolished the universal Family Allowances, the Child Tax Credit and the Credit for Dependent Children and replaced them with a targeted single income-tested federal Child Tax Benefit (CTB). This came into effect on January 1, 1993, four years after the 1989 resolution.

The CTB, incorporated under the Income Tax Act, was a shared responsibility of Human Resources Development Canada (HRDC) and Revenue Canada, and provided a monthly payment to families with children under the age of 18. In 1993, CTB was received by 3.1 million families, or 80% of all Canadian families with children, at a cost to the federal treasury of \$5.1 billion (Government of Canada, 1994).

Despite international and national recognition of society's responsibility to ensure the material and psychological well-being of children, data compiled by Statistics Canada indicates that the experience of Canadian children points to a lack of consistency between the proclaimed responsibilities in the U.N. Convention on the Child and the children's real life situation. Both the percentage of children in poverty and the absolute numbers of children living in poverty have increased between 1989 and 1995. As stated above, in 1989, there were 1,016,000 children (15.3%) under 18 years of age living below the Low Income Cut-offs² (LICOs). In 1995, 1,472,000 children (21%) under 18 years of age

¹ Every human being below the age of eighteen years.

² 1992 base

were living below LICOs, (Statistics Canada, Survey of Consumer Finances 1997, Cat. 13-569-XPB). Campaign 2000 indicated in 1993 that over a quarter of a million children had become poor since the House of Commons' resolution to end child poverty was passed in 1989. Cohen and Petten (1997) warned that, if this trend continues, Canada will have doubled its 1989 child poverty rate by the year 2000.

We know that there is an increase in absolute numbers, and in the percentage of children living below the poverty line, however, we don't know whether the policy implemented after the 1989 resolution, the Child Tax Benefit (CTB) is consistent with the proclaimed intention of reducing the depth/intensity of poverty, if not the numbers/proportions of children falling below the Statistics Canada Low Income Cut-offs lines, between 1993 and 1997³.

The unanimous support given to Mr. Broadbent resolution indicates that politicians from the other two parties represented in Parliament in 1989 agreed with Mr. Broadbent that child poverty was a "national horror" and a "national shame" that they should put and end to. Perrin Beatty, then, Minister of National Health and Welfare replied on behalf of the conservative government to Mr. Broadbent's remarks and noted that the motion because its non-partisan tone and phrasing constituted:

(...) an appeal for Canadians transcending all differences of philosophy, all differences of region, culture, class, faith and of language to work together to try to deal with the common goal to ensure that all of Canada's children have an opportunity and to ensure that the scourge of poverty is ended (Commons Debates, November 24, 1989, p. 6179).

³ These are the years the CTB was in effect.

Furthermore, Minister Beatty indicated that he understood the implications of the motion: "The motion before us today sets an important goal. It calls for the elimination of poverty among Canadian children by the year 2000." (Commons Debates, November 24, 1989, p. 6200)

Dave Dingwall the Liberal MP, who first replied to Mr. Broadbent's motion indicated that the plight of poor Canadian children ought to be one of the highest priorities for all members of Parliament and concluded urging all MPs to show Canadians that Parliament, "the rock of democracy, has the capacity, and, more important, the political will to confront and to resolve child poverty throughout this great nation." (Commons Debates, November 24, 1989, p. 6206)

As a direct result of the 1989 resolution a sub-committee on poverty was established. The Sub-committee on Poverty included members of the three political parties represented in the Thirty-fourth Parliament, and was chaired by M.P. Barbara Green. On December 3, 1991, it released a report entitled "Canada's Children: Investing in our Future". According to this report the origin and purpose of the Sub-committee's work were very clear: "following the passage of Mr. Broadbent's motion, the Sub-committee decided that it would develop a plan to eliminate child poverty by the year 2000" (Canada's Children: Investing in our Future, 1991, p. 5). The Sub-committee was also very clear that the report's recommendations contained a "comprehensive plan of action that will lead to the eradication of child poverty by the year 2000." (Canada's Children: Investing in our Future, 1991, p. 69)

On February 26, 1992 the conservative government announced its plan to restructure child benefits. The then Minister of National Health and Welfare, Benoit

Bouchard indicated that beginning in January 1993, the existing Family Allowances, Child Tax Credits and Dependent Child Credit were to be consolidated into a new child benefit (the CTB). The minister noted that the new program reflected the acceptance and implementation of two parliamentary reports. One of the reports⁴ was the above mentioned Canada's Children: Investing in our Future (Commons Debates, February 26, 1992, p. 7637)

The statements made by politicians in the House of Commons between 1989 and 1993 could make one believe that politicians put their differences aside and agreed on utilizing the resources needed to ensure that child poverty was to be a relic of the past by the year 2000. However the statistics regarding child poverty cited above insinuate that the political consensus achieved by politicians was not enough to improve children's welfare.

The objective of this dissertation is to assess whether there is empirical evidence to lend validity to the claim made by the Mulroney (1984-1993) and Chretien (1993 to present) governments that they improved the financial well being of children and families by introducing and implementing the CTB. As a consequence of this analysis, this dissertation will explore the relationship that exists between the political discourse and the concrete solutions designed to deal with what was deemed to be a serious social problem. That is, from a social work perspective, a statement will be derived in relation to whether the approach chosen by conservative politicians improves, worsen or makes no difference in the lives of children living in poverty in Canada.

⁴ According to minister Bouchard the other report was "one from a Senate committee entitled *Child Poverty: Towards a Better Future*" (Commons Debates, February 26, 1992, p. 7637).

Research into this topic is important because the increase of child poverty takes place at a time when Canada experiences healthy macroeconomic indicators (United Nations Development Program (UNDP), 1994; Grafstein, 1997, Saskatchewan Bureau of Statistics, 1999). In fact, during the period studied for this dissertation Canada has ranked for seven years as the number one country in which to live by the UNDP. The social programs Canada implements to address child poverty are of importance to Canada's international standing and reputation, particularly in light of Hay's (1997) observation:

Canada's ranking drops noticeably in these reports when the number of children living in poverty is included. Canada's rate of child poverty is worse than all other major Western countries, with the exception of Australia and the United States (Hay, 1997, p. 116).

In responding to the question, why do we care about child poverty? Freiler (1996) poses that child and family poverty are unresolved and serious problems not only because of the impact of poverty on the lives and future life opportunities of at least 1.3 million children, but because it significantly reflects the growing social and economic disparities and the deterioration in the living conditions of the Canadian families located at the bottom 60 %. Kerans (1994) notes the bottom 60 % of Canadian families, with children under 18, have lost ground between 1973 and 1991. A study by the Vanier Institute for the Family (2000) reports that on average family incomes in Canada have shrunk 5.6%

since 1989. In contrast, the coupon clippers⁵ received 5.7% of the GDP in 1973 and in 1992 received 10.9% or \$27.6 billion.

Aitken and Mitchell (1995), O'Neill (1994), and Wharf (1993) argue that the unequal family economic circumstances and environment (structural factors) into which children are born affect children's physical-psychic health as well as the socio-economic life-chances of a child. This intergenerational link places children with disadvantaged parents at a higher poverty risk and is not recognized when it comes to provision of resources (social policy) or institutional arrangements (welfare state policy). Baker (1995) and Kesselman (1994) argue that much of the public concern over child poverty relates mostly to poverty that retards human development⁶ than to the poverty itself. Thus, public policy, because it deals with the symptoms and not the causes, may have little effect in reducing the extent of child poverty.

Kaufman and Leisering (1986) point out that the provision for the elderly is taken for granted, as an issue of public policy whereas the fact that children are the next generation of producers is not recognized. The distinction demonstrates arbitrariness in public policies. This lack of recognition of children relates to political force (Kaufman & Leisering, 1986; Baker, 1995). Children do not vote and it is hard to organize and mobilize their parents to exercise pressure on their behalf. Moreover, even if they could be mobilized, parents of two or more children, who are key for the demographic balance, constitute a minority voice: likely with very little impact.

Kesselman (1994) also notes that most observers would also concur that to care for children today can be a good investment for the future. The impact of the lack of care

⁵ Those whose income comes as interest payments.

⁶ Which implies external social and private costs.

and investment is evident when they enter the labour force. The growing number of young adults unprepared for the workplace may also affect the real wages of all workers: "Moreover the lower lifetime earnings of kids who have received inadequate nurturing and support imply much higher public costs of income support and lower tax payments." (Kesselman 1994, p. 74). This reality would make one conclude that society is either underinvesting in children in poor families, or misallocating its current outlays on behalf of such children.

Similar concerns are echoed in the Canadian literature regarding children in poverty (Baker, 1994, 1995; Freiler, 1996; Kesselman, 1994; O'Neill, 1994; Purdy, 1992). Other authors' concerns for children in poverty were reviewed by Kesselman (1994). He concluded that with different emphasis most share a concern for the well being of human beings, but this concern is heightened in the case of children because of their innocence and dependency.

What we refer to as child poverty is really the financial inability of the child's parents/family to provide them with life's basic necessities. The vulnerability of the child explains why it is more palatable to speak of it in these terms. Baker (1995) explains that the term child poverty became en vogue in the 1980's when politicians concluded that by using the imagery of poor children a political consensus was possible to emphasize the need to reduce income inequality:

(...) because the dichotomy between the 'deserving' and the 'undeserving' poor still looms large in the public's thinking. If children are living in households with low incomes, they cannot be blamed for their poverty. People cannot argue that children are

poor because they are lazy, do not want to work, cheat on their unemployment insurance forms, or defraud the welfare system.

Children must always be perceived as innocent victims. For this reason, the term 'child poverty' has been an effective way to draw the public's attention to poverty and at the same time elicit empathy rather than blame" (Baker 1995, p. 17).

In addition, we care about child poverty because those who grow up poor suffer harmful effects (Dunn, 1999, Campaign 2000, 1996, 1999; Ross, Scott, & Kelly, 1996; Offord, 1983, 1991; Canadian Teachers' Federation, 1989, 1991). The international agreements signed by Canada make particular reference to the need to protect children's financial, emotional, and physical well being (Baker, 1995). There is evidence to indicate that children who grow up poor fare far worse than children from better off families (Offord, 1991). As Ross et al., (1996) state:

Simply put, poor children have *poorer health*, they have *lower levels of educational attainment*, they live in *riskier environment*, and they partake in *riskier behaviours*. Over the long-term, child poverty significantly endangers a child's opportunity to grow and to develop into a healthy, self-reliant adult (Ross, Scott, & Kelly, 1996, p. 8. Italics in original).

Offord (1991) reviews available data on the physical and mental health status of children and concludes that poor children when compared to middle class children had more than twice the rate of psychiatric disorders, poor school performance, and almost twice the rate of chronic health problems.

1.2 Contribution to Social Work

Since the 1980s, Canada, like many other countries in the world, has undergone what is generally termed and accepted as an economic restructuring, which has effectively altered the role of the state in providing welfare to its citizens. The reformulation taking place at the macro level of the social welfare system, at a time when child poverty continues to rise, is a signal for the government to understand that the welfare system is “misfiring” and in need of reform (Jenninssen, 1996). The persistence of poverty despite the implementation of specific programs targeted to reduce it is a significant reason to explore whether a disassociation between poverty research and policy development exists. This dissertation, by examining Canadian child poverty policy during a particular period of time allows the opportunity to study whether there is a lack of congruence between policy and research findings. Authors such as Brodie (1996) and Williams (1989) seem to agree that the main liberal empiricist assumption, that social policy design is a question of common sense once the facts are known, should be called into question. Good research does not seem, (by itself), to lead to policy reform to correct social ills.

Another significant contribution this study can make to social work and social welfare programming (in different countries) revolves around the necessary review of means tested programs utilized in Canadian programs to deal with child poverty. As the number one country in the world in which to live, child poverty policy in Canada is likely to be considered as a reference point by other nations combating similar or worse child poverty levels.

A comparison of poverty rate and poverty gap among six OECD countries utilizing means-tested social policy clearly verified that this approach was impotent in combating poverty: "Scandinavian institutional social policy, on the other hand, was proved to be more capable of alleviating poverty equitably among all sections of the population" (Hallerod, et al. 1996, p.332).

According to Mishra, (1996) all means-tested programmes intend to help the poor but they do not aim at lifting the poor above the poverty line. Although Canada has played the role of a pioneer in designing means-tested programmes (i.e., refundable tax credits) the potential of these programmes for poverty reduction is a gap in Canadian poverty research that needs to be filled:

(...) little is known about the contribution that the different programmes make in reducing poverty. More generally, studies of the anti-poverty strategies of different nations and their effectiveness in reducing poverty could be very helpful in suggesting the most effective lines of action. (Mishra, 1996, p. 484)

By undertaking an analysis of the impact on child poverty levels of the CTB, this study presents a contribution to fill the gap enunciated by Mishra (1996).

This dissertation will first provide a broad overview of poverty and child poverty at the international level. Then, the persistence of poverty and child poverty will be examined in terms of the ideological paradigms that drive governments around the globe, and particularly in Canada. The two main approaches evolving from the ideological paradigms implemented to deal with child poverty in Canada will be the subject of the

next section. Then, how poverty is defined and the methods used, to measure poverty in Canada, will be presented. The policy initiatives undertaken to deal with child poverty will constitute the next section, which in conjunction with the previous sections, provide the framework needed to move into the next section consisting in the presentation of the research question and the method of inquiry adopted. The presentation of findings, discussion and conclusions will end this study.

Thus the next section examines the extent, causes and consequences of poverty and child poverty at the international level.

2. International Context

This section presents an overview of poverty and child poverty at the international level. It provides figures and characteristics of world-wide poverty offered by international agencies (mainly those reporting to the United Nations). It presents the views of some of these international agencies about the growing disparity observed between and within countries. Alternative views to mainstream approaches on development and underdevelopment are noted. The purpose of this section is to place Canada's child poverty in relation to other countries, particularly those belonging to the Organization for Economic Co-operation and Development (OECD). As such, it does not provide an exhaustive examination of causes and possible solutions to world-wide poverty.

In some notable international forums, there is an awareness and understanding of the extent, causes and consequences of poverty. In particular, child poverty has been, and remains, a concern of the international political community. The United Nations General Assembly Resolutions 46/121 (December 1991), 47/134 (December 1992) and 49/179 (December 1994), passed by the UN Commission on Human Rights, express deep concern that:

“(...) extreme poverty continues to spread in all countries of the world, regardless of their economic, social and cultural situation, and seriously affects the most vulnerable and disadvantaged individuals, families and groups, who are thus hindered in the exercise of their human rights and their fundamental freedoms (...)”

In its Declaration and Programme of Action (1995), the United Nations World Summit for Social Development (UN-WSSD) defined poverty as inseparably linked to:

“(...) lack of control over resources, including land, skills, knowledge, capital and social connections. Without those resources, people are easily neglected by policy makers and have limited access to institutions, markets, employment and public services.

The same report noted that one billion people live in unacceptable conditions of poverty. It characterized the many manifestations of poverty as including:

- a) lack of income and productive resources needed to guarantee sustainable livelihoods;
- b) hunger and malnutrition;
- c) disease;
- d) reduced or no access to education and other basic services;
- e) increased morbidity and mortality from illness;
- f) homelessness and inadequate housing; and
- g) social discrimination and exclusion.

Poverty stricken people are usually excluded from participating in most decision-making processes as well as the civil, social and cultural life of their country. Mass poverty exists in developing countries and in pockets in wealthier and developed nations. Women and children are particularly vulnerable because poverty places them in a more disadvantaged position. Older people, disabled people, indigenous people, refugees and internally displaced people are also vulnerable to poverty (UN-WSSD, 1995).

“Extreme,” “absolute,” and “critical” are adjectives commonly and interchangeably used at international forums to describe a condition of poverty “(...) characterized by severe deprivation of basic human needs including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income, but also on access to social services.” (UN-A/Conf.166/L.1, 1995, p. 35) The Economic Commission for Latin America and the Caribbean (ECLAC) defines indigence or extreme poverty as existing when a household is unable to meet its nutritional needs even after spending all its meagre resources on food.

After a two year study of 114 mostly developing countries with a combined population of four billion, in 1992, the International Fund for Agricultural Development (IFAD) reported 2.5 billion people in those countries (60 percent) lived in rural areas and one billion (40 percent) lived in extreme poverty. The IFAD study concluded that poverty is on the rise in almost every rural area of the planet.

While urban poverty is also on the rise, the poor in the rural areas still represented more than 80 percent of the poor in the countries studied. The IFAD study did not foresee a quick reversal of these trends but, rather, warned of an even worse situation. Instead, it predicted:

1. The world population will reach 8.5 billion by the year 2025 with 7.1 billion (83.5 percent) living in developing countries (a population increase of 74 percent in those countries).

2. The number of landless peasants, particularly in Asia and certain regions of Africa and Latin America, is increasing by three to five percent a year, and
3. There is a rapid increase in poverty in those households lead by women in rural areas (76 million) that results, in part, from discrimination against women (IFAD 1993, p. 3).

The view that "worse is to come" is shared by *Commonwealth Currents*, (1992) the official magazine of parliamentarians in Commonwealth countries. It states " World Bank forecasts predict that absolute numbers of poor in Sub-Saharan Africa are expected to rise from 85 million to 265 million by the year 2000. That region's per capita GDP growth in the year 2000 is expected to be lower than in 1985" (*Commonwealth Currents*. 1992, p.3).

The Commonwealth's concern over growing poverty can be seen more dramatically in the following statistics:

- One billion people (20% of the world's population) live in absolute poverty,
- 800 million people (16% of the world's population) go hungry every day,
- 150 million children under five years of age are malnourished,
- 14 million children die each year before their fifth birthday, and
- UNICEF (1997) notes that as the number of children (0 to 18 years) in the world surpasses two billion, almost nine out of 10 of them (87 percent) will live in developing countries (UNICEF 1997).

UN agencies and UN sponsored meetings and forums attribute the origins of poverty to political, legal, economic, cultural and social structures. As a complex, multidimensional problem, poverty has both national and international roots (UN-A/Conf.166/L.1; E/CN.4/Sub. 2/ 1995/15; E/CN.4/Sub.2/1995//11). For example, at the

national level, the IFAD states that one reason for the growing impoverishment of rural areas around the world is that the governments of these countries keep food prices artificially low to prevent urban discontent. This 'cheap food' economic policy is detrimental to peasants who are forced to sell their products at a devalued price.

At the international level, external debt and high interest rates, in conjunction with a significant reduction in commodity prices, has resulted in a large, on-going net transfer of resources from the developing to the developed countries. This massive transfer of capital deprives the developing countries of much needed resources for development. This, in turn, makes the process of economic adjustment even more difficult as the necessary political support for economic reform declines in tandem with governments' ability to cope with the social consequences of such reforms (UN-18th Special Session. Agenda Item 9. Document Date: 4 June 1990, pp. 2-3).

On May 1, 1990, the General Assembly of the United Nations adopted the *Declaration on International Economic Co-operation*. It states that, for many developing countries, the 1980s can be considered a 'lost decade' for development:

"Living conditions in Africa and Latin America and the Caribbean, and in parts of Asia, have deteriorated, and economic and social infrastructure has eroded, impairing stability and prospects for growth and development" (UN-18th Special Session. Agenda Item 9. Document Date: 4 June 1990, p. 2).

The Heads of State and of Government Meeting at the World Summit for Social Development in 1995, noted among other contradictions, that "throughout the world the expansion of prosperity for some, unfortunately [is] accompanied by an expansion of

unspeakable poverty for others" (paragraph 13). The following pages illustrate this "contradiction" by reviewing how some UN agencies and related organizations quantify the trends observed in terms of a growing income inequality between rich and poor peoples, and between rich and poor countries.

Worldwide, the richest fifth of the population receives 82.7% of total world income, while the poorest fifth receives 1.4% (*Commonwealth Currents*, August/September, 1992). In the IFAD's view, these numbers reveal the abysmal and scandalous disparity that exists in terms of income distribution between developed and underdeveloped countries.

The United Nations Human Development Report (UNDHR) (1999) confirms the unequal income distribution between developed and underdeveloped countries. It notes that world inequalities have risen steadily for the last two centuries:

"An analysis of long-term trends in world income distribution (between countries) shows that the distance between the richest and poorest countries was about 3 to 1 in 1820, 11 to 1 in 1913, 35 to 1 in 1950, 44 to 1 in 1973 and 72 to 1 in 1992. More amazing is that the British in 1820 had an income about six times that of the Ethiopians in 1992! (Chapter 1, p. 38)."

In his study of international poverty, Townsend (1993) notes that the income inequality that exists between poor and rich countries also exists within developed capitalist countries. The 1995 Report of the Sub-Commission on Prevention of Discrimination and Protection of Minorities (E/CN.4/Sub. 2/1995//11) says that the gap between rich and poor countries and between rich and poor peoples is increasing rapidly:

“Between 1960 and 1989, the countries with the richest 20 percent of world population grew 2.7 times faster than the bottom 20 percent. In terms of income, during the same period, the share received by the top 20 percent of the world's population increased from being 30 to 60 times more than the bottom 20 percent. ...the richest 20 percent of the world's people get at least 150 times more than the poorest 20 percent (p. 3).

The United Nation Human Development Report (UNHDR) (1999) indicates that the world's 200 richest persons are getting richer at an astonishing pace. The world's richest 200 people have an income equivalent to \$500 per second and saw their net worth sky-rocket from \$440 billion in 1994 to \$1,042 billion in 1998. The report notes that the wealth accumulated by the world's three richest people is more than the combined GNP of all least developed countries, and that the 200 richest people earn more than the combined income of 41 percent of the world's population. UNHDR (1999) researchers calculate that if each of the 200 richest people contributed one percent of his/her wealth annually, the cost of universal access to primary education for all people (\$7-8 billion) would be covered.

The United Nations also provides data to compare income distribution within countries. Table 1 (below) is an adaptation of a 1993 UN list ranking 62 countries according to the difference in income between the richest and poorest quintile. Those countries marked with an asterisk were ranked using data from the period 1985-1989.

The comparison of the income of the richest 20 percent of the population with the poorest 20 percent reveals that in Hungary (the country ranked as having the least

difference) in 1993, the richest 20 percent had an income 3.2 times greater than the poorest 20 percent. Canada was ranked number 22 by the UN. During 1985-1989, in Canada the income of the richest 20 percent was 7.1 times greater than the income of the poorest 20 percent. Chile (ranked 54th) had a difference of 18.3 times. In Brazil, the country with the greatest difference, the income of the richest 20 percent was 32.1 times greater than the income the poorest 20 percent.

Table 1

Income Comparison

Country	Gap	Country	Gap
1. Hungary	3.2	35. United States	8.9
8. India	4.7	45. Nicaragua	13.2
16. Italy*	6.0	54. Chile	18.3
22. Canada*	7.1	58. Tanzania	26.1
27. France*	7.5	62. Brazil	32.1

The Economic Commission for Latin America and the Caribbean (ECLAC) (1996) notes that the strong economic growth in Chile during the 1990's did not bring about an improvement in income distribution. This lends credence to the assertion that economic growth alone is not enough to reduce poverty, and undermines the position taken by supporters of "Trickle Down" theories when arguing that countries should remove all barriers to unrestrained capital movement in a globalized market (Commonwealth, 1993). Contrary to the position of 'Trickle Downers', the challenge today is not simply how to create wealth but how "to ensure that the benefits [of created wealth] are shared equitably and that this increasing interdependence works for people-not just for profits." (UNHDR, 1999, p.1)

ECLAC (1996) notes that in Chile, the share of income of the poorest 40 percent of the population remained the same for five years (1990 - 1994). At the other end of the

scale, the share of income of the top decile increased steadily, even in years when the share of the poorest 40 percent actually did improve somewhat.

ECLAC (1996) further notes that Chile is a particularly interesting country to analyse in relation to income distribution because of Chile's pioneering status in implementing radical neo-liberal economic measures. Despite following doctrinaire neo-conservative economic prescriptions, Chile failed to cure, or even modestly improve, the income gap between rich and poor.

As noted, the world's income is very concentrated among the rich, with almost 83 percent of it in the hands of the richest one-fifth of the population. According to some UN agencies, the increased financial strength of transnational corporations (TNCs) and the manner in which their foreign direct investment is distributed is one of the reasons for increasing disparities in the distribution of global economic opportunities among rich and poor countries (E/CN. Sub.2/1995/15, p. 4). The second interim report on human rights and extreme poverty prepared by a UN Special Rapporteur (E/CN. Sub. 2/1995/15) noted that transnational corporations "may not be responsible for the original conditions that created such inequalities, however, they can certainly "perpetuate inequitable social and economic systems through their employment practices and their activities affecting consumers." (p. 3).

TNCs are powerful participants in the global economy. They control 33 percent of private global productive assets and 70 percent of international trade goods. TNCs are

⁷ Transnational corporations (TNCs) have been described as enterprises which own or control production or service facilities outside the country in which they are based. Their products are manufactured simultaneously in different countries, and sold through integrated distribution systems which transcend national frontiers" (UN-Commission on Human Rights, E/CN. 4/Sub.2/1995/11, p. 2).

major conduits for the movement of international capital that rich and poor countries must compete (unequally) for in the global market place. TNCs control most foreign direct investment (FDI), including capital and the means by which technology, management skills and organizational techniques are transferred between countries. From 1985 to 1990, FDI grew about three times as fast as world exports, substantially increasing the TNCs' already significant influence on global economic and social development (UNCTAD, 1993, 1994; E/CN. Sub. 2/1995/15):

Of the global flows of FDI, the developing countries have been getting a steadily smaller share: from 31 percent in 1968 to 17 percent in 1988/89. Eighty three percent went to industrialized countries. Even at its peak in 1975, FDI to developing countries was equal to only 0.9 percent of their GDP and by 1980 - 1985, a mere 0.4 percent. Developing countries that do receive investment tend to be the already better off. No more than 0.2 percent of transnational investment is directed to the bottom 20 percent of the world's population (E/CN.Sub. 2/1995/15, p. 4).

According to the United Nation Commission on Trade and Development (UNCTAD) (1994), 90 percent of all TNCs are located in a few industrialized countries: 53 of them are located in Western Europe, 27 in the United States, and 14 in Japan. (Transnational Corporations, vol.3, No. 3, December 1994, United Nations Conference on Trade and Development/Division on Transnational Corporations and Investment).

The top 200 of the world's multinational corporations have annual revenues of \$7.1 trillion, almost double the \$3.9 trillion received by the poorest 4.5 billion people in the world (Briarpatch⁸ 9, 1997; Barlow, 1992, 1993). Similarly, the 31 banks in the top 200 have combined assets of \$10.4 trillion while the per capita income of almost 4.8 billion persons (86 percent of the world's 5.6 billion population) is less than \$1,000 US a year. Corporations account for 51 of the world's 100 biggest economies. For example, Wal-Mart (12th largest economy in the world) has a bigger economy than 161 countries, including Israel, Poland and Greece. The combined sales of the top 200 corporations account for 28.3 percent of the world GDP, or more than one-quarter of total world economic activity. The numbers provide clear evidence of the TNC's increasing financial strength and prosperity at a time when most of the world's population is getting poorer.

Multinational corporations are, more and more, also dominating global markets. According to the UNDP Human Development Report (1999), foreign affiliates of multinational corporations had about \$9.5 trillion in sales in 1997. Their share of world GDP rose from five percent in the mid-1980s to seven percent in 1997. Similarly, the multinational corporations' share of world exports rose from 25 percent in the late 1980s to 33 percent in 1995. The UNDP-HDR (1999) notes that US-based multinationals account for more than a quarter of the United States' GDP (i.e., \$2 trillion of \$7.3 trillion). Further, the increase in the number of mergers and takeovers has resulted in large multinationals becoming even larger. One result of 'merger-mania' is that:

⁸ These sources provide a succinct review of the statistics contained in Anderson, S. and Cavanagh, J. *The Rise of Global Corporate Power*. Institute for Policy Studies, Washington, DC, and published by CCPA Monitor. Few books, magazines and newsletters on this topic: Madera, P. *World Class Business: A Guide to the 100 Most powerful Global Corporations*. Henry Holt and Company, New York, 1992; Barnet, R. & Muller, R. *Global Reach*. Simon and Schuster, New York, 1974; *Economic Justice Report*. Published by the Ecumenical Coalition for Economic Justice, 11 Madison Avenue, Toronto, Canada; Schiller, H. *Culture Inc. The Corporate Takeover of Public Expression*. Oxford University Press, New York and Oxford, 1989; *Multinational Monitor*. PO Box 19405, Washington, DC.

Capital is becoming even more concentrated globally as megacorporations merge, often across borders – Chrysler and Daimler, Hoechst and Rhone-Poulenc, Exxon and Mobil. From 1990 to 1997 the annual number of mergers and acquisitions more than doubled, from 11,300 to 24,600. Cross-border mergers and acquisitions accounted for \$236 billion in 1997. Multinational corporations now dwarf some governments in economic power (Human Development Report 1999, p. 32).

Table 2 (below) is an adaptation of a table shown in the UNHDR (1999, p. 32) depicting some top corporations with sales that exceeded the GDP of many countries in 1997.

Table 2

Corporation Sales and GDP

Selected Corporations with Sales Greater than the GDP of Many Countries in 1997 (US\$ billions)			
<i>Country or corporation</i>	GDP or total sales	<i>Country or corporation</i>	GDP or total sales
General Motors	164	Royal Dutch/Shell Group	128
Thailand	154	Greece	123
Norway	153	Sumitomo	119
Ford Motor	147	Exxon	117
Mitsui & Co.	145	Toyota Motor	109
Saudi Arabia	140	Wal Mart Stores	105
Mitsubishi	140	Malaysia	98
Poland	136	Israel	98
Itochu	136	Colombia	96
South Africa	129	Venezuela	87

Source: Human Development Report 1999, p. 32.

Canada has an economy larger than any private corporation and places 8th among the world's top 100 economies in 1995 (Canadian Centre for Policy Alternatives, 1997- CCPA).

While TNCs direct more economic activity than most national governments, they bear none of the onerous responsibility governments have for social policy. Indeed, most TNCs pay lip service to discredited 'Trickle Down' theories of economic development in order to avoid having to come to grips with problems like poverty that may be exacerbated by their activities in the developing world.

While some international forums and research teams point to the role TNCs play in increasing the income gap between rich and poor, others, such as Fulbright and Brandt, theorize that exorbitant expenditures by super-powers and their allies seeking military supremacy during the "cold war" was one of the main reason for moral and social deterioration in the U.S. (Fulbright, 1968) and around the world (Brandt 1986). In the opinion of former UNICEF Executive Director James Grant, the lack of attention given to the problems of poverty, population and environment during the cold war era has resulted in those problems being much worse today (UNICEF, 1994).

In 1997, UNICEF said that redirecting just one quarter of the money used for military expenditures (\$30 billion of \$125 billion) to developing countries would contribute significantly to the elimination of malnutrition by the year 2000. In this context, it is important to note that the latest U.N. - led international crusade against child poverty that culminated in the 1990 World Summit for Children was launched at a time when the tensions characterizing the post-war relationship between the two world superpowers had eased considerably. With the formal dissolution of the USSR came the dismantling of the Soviet social and political system that, driven by collectivist principles, had been the counterbalance to the capitalist market system championed by the USA and most developed countries.

Blaustein and Woock (1968) and Samad (1996) note that the basic configuration of poverty and its global distribution are known and extensively documented. The *United Nations Declaration of the Decade 1996 - 2007 for the Eradication of Poverty* restates this fact. The UN-WSSD program of action recommends the adoption of specific measures to address the world-wide "juvenilization" and "feminization" of poverty.

The condition of women and children in poverty has been a matter of international concern for quite some time. In the case of children, for example, since the adoption of the Declaration of the Rights of the Child in 1924, a child's right to be free from malnutrition has been a matter of international law. The UN 1979 *Convention on the Elimination of All Forms of Discrimination Against Women* assigns national states the responsibility of providing women with full and equal access to health care, especially adequate nutrition during pregnancy and lactation. The 1989 *Convention on the Rights of the Child*, the most subscribed to human rights declaration in history, commits all governments to guaranteeing every child access to good nutrition and protecting their political, social, civil, economic and cultural rights (Prilleltensky, 1994; UNICEF, 1998).

The Plan of Action that resulted from the 1990 World Summit for Children set specific goals for the elimination of malnutrition among women and children (UNICEF, 1998). In it, most of the world's political leaders agreed that, given the present level of knowledge and communications, it was possible to eradicate most child poverty by the year 2000 (UNICEF, 1994).

Even though the 1989 *Convention on the Rights of the Child*, as a treaty, carries the force of international law, there are grounds to believe that eliminating child malnutrition

will take more than the Heads of Government statement anticipated. There are political and economic reasons that would suggest caution:

In 1974, an admirable pronouncement was made: within a decade no child should go to bed hungry. (...) In 1984, UNICEF, the United Nations Children's Fund, calculated that 40,000 children in the age group mentioned were dying every day (Brandt, 1986, p. 15).

UNICEF, the United Nations agency created to work for the improvement of the conditions of the world's children, reports that more than 12.5 million children under five years of age continue to die from mainly preventable causes each year in developing countries (UNICEF, 1997). According to UNICEF's report *The State of the World's Children 1998*, 55 percent of the 12 million child deaths in developing countries each year are either directly or indirectly attributable to malnutrition. "Malnutrition has long been recognized as a consequence of poverty. It is increasingly clear that it is also a cause." (p. 10) The report states that while there have been some significant gains in reducing child malnutrition, particularly in Latin America and East Asia, the absolute number of malnourished children is increasing. "Malnourished children, unlike their well-nourished peers, not only have lifetime disabilities and weakened immune systems, but they also lack the capacity for learning that their well-nourished peers have (...)." The UNICEF report concludes "the depletion of human intelligence on such a scale-for reasons that are almost entirely preventable - is a profligate, even criminal, waste." (p.13) As a result, "robbed of their mental as well as physical potential, malnourished children who live past childhood face diminished futures. They will become adults with lower physical and intellectual

abilities, lower levels of productivity and higher levels of chronic illness and disability...”
(p.13)

The *Commonwealth Currents* (August/September 1992) noted that the predominant economic view emphasizes that the most important tool against poverty is economic growth and that the benefits of that growth will “trickle down” to the poorest sectors of the population. The same publication notes that present rates of poverty world-wide discredit this theory. *The World Bank Annual Report 1995* reveals that the rate of growth of the gross domestic product (GDP) for the Latin American and Caribbean region reached its highest level (4.2 percent) in years. This GDP increase countered a trend of declining economic activity in developed countries that was noted in the previous year’s report.

While the Latin American and Caribbean regions were reporting economic growth, sluggish growth in Japan and a recession in continental Europe resulted in the GDP for industrialized countries as a group declining from four percent in 1992 to 3.3 percent in 1993. The U.S., Canada and the U.K. underwent a slight recovery in 1993 (World Bank, 1994). In contrast to the industrialized countries, the developing countries as a group (excluding the ex-socialist countries of Central and Eastern Europe and the former Soviet Union):

(...) grew by an estimated 4.5 percent in 1993, up from 3.6 percent in 1992, thereby exceeding industrial-country growth by more than three percentage points for the third straight year (World Bank Annual Report 1994, p. 23).

However, this economic growth does not necessarily translate into an improvement in the living conditions in these countries. For example, in assessing regional progress

towards the year 2000 goals, the countries of the Americas show no improvement in child malnutrition between 1990 - 1995. The goal had been to reduce by half the 1990's levels of severe and moderate malnutrition among children less than five years old (UNICEF - The Progress of Nations, 1997). The effort to achieve that goal was, then, an unqualified failure! The lack of progress in reducing the effect of poverty on the infant population validates the UN-WSSD (1995) statement that, since no uniform solution can be found for global application, it is crucial to place the emphasis on country-specific programmes while, at the same time, developing a process to create a supportive international environment for enhancing anti-poverty initiatives because:

The eradication of poverty (...) will require democratic participation and changes in economic structures (...) to undertake policies geared to more equitable distribution of wealth and income, to provide social protection for those who cannot support themselves (UN-WSSD, 1995, Chapter II-23; pp. 35-36).

Similarly, one of the most important critics of mainstream economic approaches the Nobel laureate Amartya Sen, argues that there is a need to combine greater democratic rights with economic growth. Sen (1999) contends that investment on human development (health, education, safety nets, infrastructure, etc.) is a requirement rather than an obstacle for economic growth. Sen (1999) suggests five types of freedoms which need to be present for human development to occur: political freedoms, economic facilities, social opportunities, transparency guarantee, and protective security.

Other alternative approaches, (e.g., dependency theory, world systems, the new international division of labour), argue that rich countries have an interest in maintaining

the dependent status of poor countries, as this ensures them a source of raw materials and captive market for manufactured goods exported to the dependent nations. Any surpluses created in the dependent country will be acquired by the affluent capitalist country rather than being used to build production infrastructure or raise the standard of living in the dependent nation (Cueva, 1985).

These approaches state that global poverty can be attributed to the fact that low-income countries have been exploited by high-income countries. Analyzing events as part of a particular historical process – the expansion of global capitalism – underscore the greed of rich countries as a source of increasing impoverishment of poorer nations and their people.

Current research on poverty in Latin America highlights the devastating effects that neo-liberal structural adjustment policies are having on enclaves of urban poverty (Villareal, 1997; Stillwaggon, 1998). The market-oriented policies of austerity programs (increased exports and reduced internal expenditures) required of dependent nations by the World Bank and the International Monetary Fund in exchange for their lending, became the major driving force behind the dramatic increase in Latin America's poverty. In the past ten years, most Latin American countries who followed the 'recommendations' of the World Bank and the IMF, adopted even stricter adjustment programs and opened up their economies even more (Oxhorn, 1998) to global capital.

The international context of widespread poverty outlined previously and the international sentiment regarding the need for developing country-specific programs further validate a closer scrutiny of Canada's response to child poverty (i.e., CTB), and at least an examination of Canada's standing on child poverty in relation to other

industrialized countries. It is in the international context outlined above that Canada is ranked as the number one country in the world in which to live by the UNDP's Human Development Index (HDI).

The HDI in 1995, for example, rated 174 countries based on four indicators. The four indicators utilized by the HDI in 1995 were: life expectancy at birth; adult literacy rates; percentages of school enrolment; and the gross national product per capita. Using these four indicators of development Canada placed first internationally, followed by France, the United States, Iceland, Finland, the Netherlands, Japan, New Zealand, Sweden, etc. As indicated, Hay (1997) notes that Canada's standing drops significantly (to the 9th place), when the number of children living in poverty is considered. Among all major Western countries Canada's rate of poverty is only better than Australia and the United States (Hay, 1997).

Cohen and Petten (1997), and Howe and Covell (1997) note that in May 1995, the *UN Committee on the Rights of the Child*, after its review of Canada's report, stressed the need for Canada to allocate resources to ensure the economic as well as social and cultural rights of children. In addition, the Committee:

(...) emphasized the need for Canada to take immediate steps to tackle the problem of child poverty, making feasible efforts to ensure adequate resources and facilities for all families, especially single-parent ones. This was a polite way of suggesting to an affluent nation that it is time to clean up its act. (Howe & Covell, 1997, p. 235)

The words of caution regarding Canada's international standing expressed by several authors (Cohen & Petten, 1997; Hay, 1997; Howe & Covell, 1997) find validation in the figures contained in the recently released UNDP's Human Poverty Index (HPI), which intends to measure countries' success in eliminating deprivation in human life. Peters, Peters, Laurendeau, Chamberland and Peirson (1999) indicate that to meet the shortcomings of the HDI (a "quality of life" index) the UNDP recently introduced the HPI (a "poverty" index) to be used as a "relative" measure of well-being, or how equitably distributed resources are in a country (p. 212).

Like the HDI the HPI also utilizes four indicators: the proportion of the country's population that were unemployed for more than a year; the proportion of adults above a minimum literacy level; the proportion of people with life expectancy below the age of 60; and, as an indicator of the relative distribution of financial resources in the country, the proportion of those who live in households with disposable income that is below 50% of the country's median family income (Peters et al., 1999).

According to this poverty index, Canada ranks 9th, out of 17 of the wealthiest nations, sharing the same spot with Japan and Denmark. The best country according to this index is Sweden, followed by the Netherlands, Germany, Norway, Italy, Finland and France (Peters et al., 1999).

As noted, Hay (1997) reports that Canada's rate of child poverty is worse than all other major Western countries, except Australia and the United States. As will be discussed later, Canada's response to child poverty can be characterized as favouring a residual approach to social welfare through the dispensation of reduced benefits based on

selective means tests/targeted programs, which is the opposite direction taken by most of the other major Western countries.

The European countries' experiences attest to the fact that universal, social insurance type programs are more effective in lifting people out of poverty than means-tested programmes (Mishra, 1996; Novick & Shillington, 1997). Baker (1994) and Novick and Shillington (1997) note that child poverty levels in Europe have been persistently below the Canadian and U.S. levels. In Europe, the economic position of low income families is better when parents are employed. However, once unemployed, their economic standing does not deteriorate dramatically because of comprehensive family security systems. In particular, Hallerod, Heikkila, Mantysaari, Ritakallir, and Nyman, (1996) note that full employment and effective redistributive policies proved successful in the fight against poverty in Finland, until the 1990s. In discussing the relationship between unemployment and poverty, UNICEF (2000) notes that in the Nordic countries state provision for the unemployed may be sufficient to prevent families from falling below the poverty line.

Table 3

Child Poverty in Nordic Countries (%)

Denmark	5.1
Finland	4.3
Norway	3.9
Sweden	2.6

Source: UNICEF (2000). Figure 1. p. 4

As for child poverty, UNICEF (2000) indicates that for most of 20 years the Nordic countries (Denmark, Finland, Norway and Sweden) have consistently kept child

poverty at around 5 % (Table 3). In contrast Canada and the United States have 15.5 % and 22.4% of child poverty respectively (UNICEF, 2000).

UNICEF (2000) notes that the drive of Nordic policy – to help people into paid work - is similar to that of other industrialized countries included in the Organization for Economic Co-operation and Development (OECD), but it is complemented by a wide range of social policies aimed at distributing income to reduce the inequalities caused by the market. For example, Nordic countries pursue high employment and at the same time promote gender equity. All the Nordic countries have generous maternity leave allowances that do not exist elsewhere. For instance, in 1999, women in Norway could take a maternity leave for 42 weeks receiving a 100 % pay, or could take a maternity leave for 52 weeks and receive 80 % pay (Ibrahim, 1997; UNICEF, 2000). In addition Denmark, Finland and Sweden have universal day care (UNICEF, 2000).

As per the policy lesson that can be extracted from the Nordic countries' experience, UNICEF states:

The impact of such measures is reflected in high female labour force participation rates that averaged over 70 % in 1997. This is a most significant aspect of Nordic policy. For research reveals both a strong link between high female employment and low child poverty, and a corresponding link between comprehensive levels of family policy and high employment among women (UNICEF, 2000, p. 8).

UNICEF (2000) also notes the anti-poverty action plan undertaken by the United Kingdom. Canada's political and ideological history resembles more closely that of the

UK than it does the political and ideological history of the Nordic countries. The plan of action implemented by the UK will be outlined in the conclusion section.

UNICEF (2000) presents figures to demonstrate that child poverty is not a problem beyond resolution from a financial perspective. Table 4 (below) shows the amount of money that 17 OECD countries would have to spend if they decided to close

Table 4

The Child Poverty Gap. 17 OECD Countries

Country	Per cent of GNP	Country	Per cent of GNP
Sweden	0.07	Spain	0.31
Finland	0.08	Netherlands	0.31
Belgium	0.09	Australia	0.39
Luxembourg	0.09	Canada	0.46
Norway	0.12	UK	0.48
Denmark	0.12	Italy	0.50
France	0.14	Poland	0.56
Hungary	0.24	USA	0.66
Germany	0.26		

Source: UNICEF (2000). p. 09

the child poverty gap. It would cost Canada 0.46 % of its GNP to prevent poor families with children falling below the poverty line.

In this section, the extent of poverty and of child poverty around the world has been reviewed. Some explanations provided by United Nations agencies about the nature of this poverty and the concern of the global community as expressed by the United Nations were also presented. A word of caution was offered by noting that, despite economic growth and the fact that they are signatories to the Convention on the Rights of the Child in 1989, developing countries in Latin America and the Caribbean have not reduced malnutrition. An examination of how Canada compares to other industrialized countries was presented. The significantly different approach to policy taken by European countries and, more particularly, Nordic countries within the OECD was

observed concluding with UNICEF's view that the cost of eliminating child poverty is not insurmountable. The persistence of child poverty, and of poverty in general are next examined in terms of the ideological paradigms that drive government policies around the world and in Canada.

3. Ideological Approaches to Poverty

In this section, ideological approaches to poverty and child poverty are reviewed. To achieve that, this section explores the links between sociological, economic, and political-ideological views of society and how they influence the processes and outcomes in response to human needs. In particular, the political-ideological tenets of the three political parties represented in the 1989 Canadian Parliament will be examined. This section concludes by noting how these socio-economic theories find expression in the political arena and are reflected in policy perspectives regarding the causes and solutions to child poverty in Canada.

In addition to various explanations of poverty offered by UN agencies and organizations¹⁰, there are many theories about the causes of poverty. Mullaly (1993) explains that there is no scarcity of grouping or classification of theories pertaining to social welfare and poverty found in Social Work. For example, Williams (1989) lists seven different perspectives of welfare. In addition to Williams, George and Wilding (1985) list five and Mullaly (1993) four. While these authors have slightly different names to the basic categorization of approaches, for the purpose of this dissertation, they are grouped under what Williams (1989) considers two of the main conceptualizations used by social welfare writers and policy makers - Order/Functionalist and Marxist/Conflict (Table 5). These two major conceptualizations of society provide the theoretical background for many theories in the social sciences.

Burrell and Morgan (1979), Reason and Perdue (1981) and Mullaly (1993,1997) identify two competing perspectives of society and social problems - the order perspective

¹⁰ Some of which were noted in the previous section.

and the conflict perspective. The order perspective, containing the neo-conservative and liberal paradigms as represented in conventional social work practice, is based on the sociological theory of functionalism and seeks the maintenance of the capitalist system.

Table 5

Categorization of Social Work Approaches

Order Functionalist	Conflict/Marxism
Anti-Collectivist, Neo-Conservative	Social Democratic
Non Socialist Welfare, Reluctant Collectivist, Liberal	Marxist, Radical Social Administration, Political Economy
Feminist ¹¹	Feminist

The conflict view, including the social democratic and socialist paradigms is based on Marxism, and seeks the transformation of the capitalist system (Mullaly, 1993). In a related discussion, Westhues, Cadell, Karabanow, Maxwell and Sanchez (1999) suggest that calling the conflict/critical perspective transformational would better convey the transformational intent of society implied in conflict perspectives. In terms of social work as a discipline-profession, these two competing ideological perspectives surface as the tension between the marginal structural (macro) approach of social policy, and the pivotal individualistic (micro) mainstream approach in social work teaching and practice (Lightman, 1985).

¹¹ Feminism as a body of knowledge is more congruent with an anti-oppression/transformational paradigm (Westhues, Cadell, Karabanow, Maxwell, & Sanchez, 1999). However, it is placed here to acknowledge the presence of a significant liberal influence within the feminist movement in Canada, which will be discussed later.

3.1 Order (Functionalist)

It is important to note that debate surrounding the nature, extent, and the causes of poverty has been, and continues to be, dominated by individualistic (order) and structuralist (transformational) approaches (Townsend, 1993). The order perspective is the dominant view in social science in North America (Mullaly, 1993; Townsend, 1993; Burrell & Morgan, 1979), and is closely associated with the sociological structural-functional analysis of society and social problems (Dunn, 1999; Mullaly, 1993).

Functionalism, the dominant view of social problems in social science, conceives society as stable and in a state of equilibrium where the functional relationship of the various parts of the social system tends to restore order once equilibrium is disrupted. Here, power is equally distributed in society, and the state is impartial. Most social problems, then, are the result of interacting forces of disorganization and deviance (George & Wilding, 1976), with poverty a problem to be solved by intelligent adaptation of the prevailing system (McGilly, 1996).

In terms of individualistic approaches, a functional explanation of poverty is offered by Gans (1981) who poses that poverty persists because it, like other components of society (religion, the family, schools, etc.), helps to maintain the stability of the whole social system. Gans (1981) identifies four economic functions and nine social functions of poverty that are useful to society as a whole or in part. Gans (1981) categorizes functions in terms of interest groups, socio-economic classes, and other groups who share common values in society. He concludes that in addition to the positive functions it fulfils, poverty persists because:

...social phenomena that are functional for affluent or powerful groups and dysfunctional for poor or powerless ones persist; that when the elimination of such phenomena through functional alternatives would generate dysfunction for the affluent or powerful, they will continue to persist; and that phenomena like poverty can be eliminated only when they become dysfunctional for the affluent or powerful, or when the powerless can obtain enough power to change society (Gans, 1981, p. 166).

The elimination of poverty, therefore, requires the political will to undertake income and wealth redistribution, from the rich to the poor.

The economist John Kenneth Galbraith (quoted in George & Wilding, 1976), offers a functionalist explanation of poverty which categorizes the genesis of poverty in relation to individual ability or structural factors. According to Galbraith (1967), case poverty, is the direct result of personal deficiencies (i.e. inadequate training, education, family planning, as well as laziness.) In insular poverty, however, poverty results from social disorganization that leaves a region of a country incapable of providing sufficient employment or sufficient wages to its workers. Insular poverty also absolves the individual of responsibility for his/her condition.

Like insular poverty other functional explanations of social problems do not attribute the social problem to the individual or to the family. Rather, they focus on the distinctive subcultural characteristics of various categories of people who are disadvantaged or in conflict with the larger or dominant culture. Thus, "social problems are not blamed on the individual or the family but are attributed to one's culture" (Mullaly, 1993, p. 137).

The notion of a culture of poverty (also known as the “cycle of poverty theory” Mullaly, 1993) is a popular concept in Canada (Dunn, 1999) and was first suggested by Oscar Lewis in 1959 (Djao, 1989; Townsend, 1993). Lewis, an anthropologist, tried to understand poverty as a culture, or subculture, possessing its own structure and rationale. It is, according to Lewis, “a way of life which is passed down from generation to generation along family lines” (Lewis, 1968, p. 261). The culture of poverty is an adaptation and at the same time, a reaction, of the poor to their marginal position in a class-based, individualistic, capitalist society. This culture represents the effort poor people make to cope with feelings of hopelessness and despair that come from their realization that it is impossible for them to achieve a success as defined by the non-poor in society. At the individual level, members of this culture inherit through the process of socialization “a strong feeling of marginality, of helplessness, of dependence and of inferiority” (Lewis, 1968, p. 267).

Djao (1983) explains that, in the context of the “discovery” of poverty in affluent America, the term “culture of poverty” was elevated from a concept that refers to a cluster of traits, “to a full blown” thesis, ascribing people’s poverty to the fact that they have worked out a design for living. In other words, adults teach their young to desire poverty and to remain poor” (p. 173). Djao (1983) considers the culture of poverty a fallacy because, for one, it entails the notion that the poor want poverty to be a way of life. Therefore, if poverty is a poor person’s own problem, others can do very little to help.

Baldwin and Calder (1982) indicate that functionalist approaches to poverty were accepted and became popular because they provide the economic elite with justification for its business practices and for the huge gap in wealth between the rich and the poor.

The link between sociological, economic and political approaches is important to be noted. Pulkingham and Ternowetsky (1997, p.14) convincingly argue, "that economic and political factors set the context for understanding the making and unmaking of social policy in Canada." Further, Baker (1997) shows that while economic factors are important, political ideology continues to be the key element to account for the development of social and economic programs.

Dunn (1999), pointing to the link between sociological and economic perspectives, notes that functional explanations of poverty are closely connected with the economic theory known as the trickle down effect, which is reviewed below.

3.2 Anti-Collectivists/Liberalism

Anti-collectivists' functionalist/order theories have been in the forefront of the ideological debate and have been successful in implementing what has been the dominant economic view in capitalist states for the last two decades. Anti-collectivism comprises various strands of economic liberalism which emphasize the market as the only medium for welfare allocation: nineteenth century laissez-faire; neo-liberalism; and the policies of the new right (Laxer, 1993; Williams, 1989). Haiven, McBride and Shields (1991) note that anti-collectivist ideas have challenged the prevailing (social democratic and liberal) notions about the goals of economic policy, the roles of the states and markets, and the legitimacy of organizations like trade unions whose objectives are to modify or restrain the activities of market forces. The economic theory suggesting "that the benefits of enlarging the economic cake would 'trickle down' to the poorest sectors " (Commonwealth Currents 1992, p. 3) is known as the 'trickle down' theory. It was proposed and defended by economists such as Milton Friedman, Frederick Hayek and Arnold Harberger. Their neo-liberal economic views reflect the ideas advanced by Adam Smith (1937). The neo-liberal paradigm assumes:

that individuals and firms are rational calculators and aim to maximize their own welfare and profits. Freer trade enhances individual, national and global welfare by promoting a more efficient allocation of resources; in effect delivering more goods or services before trade, thereby "creating" new wealth (Marchildon, 1994:12).

Adam Smith's conviction in the inevitable triumph of rationality and order over arbitrariness and chaos (Heilbroner, 1961), made him advocate for the total independence of the productive apparatus from government interference:

Had human institutions, therefore never disturbed the natural course of things, the progressive wealth and increase of the towns would, in every political society, be consequential, and in proportion to the improvement and cultivation of the territory or country (Smith, 1937, p. 359).

Milton Friedman (1986) has also emphasized the benefits of an economy without any governmental interference. In Friedman's view freer trade is beneficial for the entire society. He advocated for a constitutional amendment as a basic institutional change to prevent the U.S. Congress from restricting trade. To obtain that, Friedman suggested that economists should attempt to influence public policy by:

(...) analyzing the changes in institutional arrangements that would bring about the desired results and trying to persuade the public to introduce those institutional changes rather than trying to influence policy makers directly (Friedman, 1986, p. 73).

Anti-collectivists hold up the values of freedom, individualism, and inequality (George & Wilding, 1985). Central to Friedman and Hayek's philosophy is the liberty of the individual. Friedman's emphasis is on liberty or freedom in the market place and for Hayek it is on freedom from coercion. For both, any state intervention in establishing equality is paramount to coercion and impingement on individual freedom. Inequality is viewed as essential for individual freedom and is a precondition for economic growth

(George & Wilding, 1985). These theorists and the economic policies they sustained have reigned for the last twenty five years. Ronald Reagan, Margaret Thatcher, and Brian Mulroney are some of the elected politicians who adopted what Marchildon (1994) calls the "positive-sum" reasoning and implemented a neo-liberal agenda. According to the *Commonwealth Currents*, in this same period, worldwide absolute poverty has increased forty per cent, thus discrediting the trickle down theory.

Liberalism is the dominant ideology in Canada (Djao, 1983; Guest 1980; Kirwin, 1996; Mullally, 1993) in terms of politics, economics and ethics, especially in the latter part of this century (Guest, 1980). However, the influence of conservatism and social democracy "has been sufficient to leave its imprint upon Canadian history not the least of all upon the history of its social security system" (Guest, 1980, p. 17). Unlike Guest (1980), McGilly (1996) and Horowitz (1979) note however, that there is very little of real Tory conservatism, for "Canada is not a feudal (Tory) fragment but a bourgeois (liberal) fragment touched with Toryism" (Horowitz, 1979, p.56). Unlike English or French conservatism, the Canadian version lacks (among other elements) the notion of "noblesse oblige" whereby the wealthy and powerful assume important social responsibilities. McGilly, (1996), Esbrey and Johnston (1994) call them conservative liberals, who in a well established liberal society seek to preserve liberalism from reform or radical change.

Canada imported from the United States the values of individualism and materialism, and, influenced by economic liberalism, quickly became a capitalist society through an overt co-operation between state and representatives of private capital (the free enterprise systems). In the process, conservatism became confused with liberalism: "If one

took one's stand in favour of that particular status quo, then one became a conservative even though one's economic and political doctrine was basically liberal" (McGilly, 1996, p. 13).

In contrast to the emphasis on order espoused by the previously outlined approaches, there are several theoretical approaches that inform the political actions of groups and individuals aiming at changing/transforming a society seen as structurally detrimental to many of its members. Two of these theories, Marxism and feminism, are reviewed in the following pages.

3.3 Marxist/Conflict

It is important to note that there is a tendency to identify Marxism with conflict theory (see, Westhues et al. 1999). Authors such as George and Wilding (1985) note that there are two main conflict schools of thought; Weberianism and Marxism. Weber emphasized social conflict whereas Marx, concentrated on class conflict. For social conflict theorists economic interests are important but not the only source of conflict in society. Racial, religious and other interests pursued by societal groups are also important sources of conflict. The importance attached to the source of conflict assumes significance when these theories are expressed in the political parties arena. George and Wilding (1985) observe:

But if the sources of conflict are diverse and numerous, the likelihood of resolving such conflicts within the capitalist system is high because many of them are not dependent on or related to the capitalist ownership of the means of production or distribution. Though conflict is natural in industrial societies, political stability is maintained, claims the Weberian school, through a variety of processes, the main one being the 'belief by subordinates in the legitimacy of their subordination (p. 4).

For Marx, class conflict stemming from the position a person occupies in the system of production is not the only conflict but surely the most important one. However, as it will be noted below socialist feminists (e.g., Einsentein, 1979; Pascall, 1986; Perkins, 1978) claim that gender and class are two fundamental realities, which are

interdependent and explain the oppression of women as workers and as women, in capitalism.

Marx (1958) pointed out that like its predecessor the feudal mode of production, the capitalist mode of production celebrated its birth by massacring the innocents. To sustain the colonial system the royal navy systematically kidnapped children and..."the factories secured their recruits by means of the press-gang" (Marx, 1958, p. 32). In addition to the accumulation of capital derived from the sale of commodities and the reconversion of the sale money into capital (Marx, 1901), the public debt (system of national debt) is one of the most powerful stimuli of primary accumulation (Marx, 1958). With the public debt capitalists' money is endowed with the power of reproduction of capital in a manner that is:

(...) without the risk and the trouble inseparable from its investment in industrial undertakings (...) the creditors of the State, in actual fact, surrender nothing, for the money that they lend is transformed into public bonds, easily negotiable, bonds which for practical purposes can serve as so much hard cash (Marx 1958, p. 30).

For Marx, the essence of capitalism is its tendency to reduce everything to calculations of profitability. In the quest for profit, human values become subordinated to economic ones (Collins, 1982).

Marx recognized that like previous modes of production, capitalism contains a fundamental conflict. As Jaggar and Robothman (1984) state, "recognizing the irreconcilable conflict between economic classes is the most important key to understanding the shape of contemporary society and the direction of social change" (p. 85). Smith (1987)

based on Marx's work notes that the ruling apparatus is an organization of class and as such implicates dominant classes. The working class is excluded from the ruling apparatus. The ruling apparatus also excludes the many voices of women and men of colour, native peoples, and homosexual men and women (Smith, 1987, p. 107).

Marx (1901) points out that a reserve army of labour is created by capitalism to keep wage rates down and to ensure workers' acquiescence to the system through fear of unemployment. The state in the Marxian view is a relatively autonomous institution performing the dual function of legitimisation and accumulation of capital (O'Connor, 1973). Thus the state performs the contradictory role of increasing social cohesion while simultaneously enforcing and exacerbating conditions, which cause the breakdown of that cohesion. A further review of Marx will be presented in the following section, which includes a Marxist analysis of the economic structures of society within a socialist feminist perspective.

3.4 Feminist Perspectives

Feminist social policy analysts (Pascall, 1986; Wilson, 1977; Williams, 1989) challenge mainstream sociological and economic explanations of women unequal position in society, particularly in the family and in the workplace. Lewis (1998) summarises the substance of this challenge by indicating that mainstream sociological and economic theories fall short in explaining gendered inequalities because:

Mainstream analysis considers these to be the product of a combination of biology and choice, which in turn rendered them inappropriate targets for social reform. Functional sociologists and neo-classical economists agreed that, given that women wanted children, biology and differential earning power made it rational for husbands and wives to maximize their utilities by husbands becoming the primary earners and wives the primary carers. If they did go out to work, women would therefore choose local part-time work that suited them. The traditional 'male breadwinner model' was thus portrayed as the most efficient and as an essentially harmonious family form (Lewis 1998, p. 86).

Several scholars have proposed that a feminist perspective can be best described "through a typology based upon differing points of view about why women have been oppressed and what can be done about it" (Callahan, 1996, p. 113). It has also been stated that feminism is a mode of analysis, a way of understanding life and politics, a method of enquiry (Harstock, 1979).

Women in academia and in political organizations differ in the diagnostic and on the solution to poverty and other social problems. However, there are three main ideological perspectives within the women's movement in Canada: liberal, radical and socialist.

Liberal feminism is the "public face" of the women's movement in Canada (Levan, 1996). Like their counterparts in the political arena, liberal feminists believe inequality is not unnatural: rather it is the natural outcome of individual differences in human potential and motivation (Nes & Iadicola, 1989). Liberal feminists see each individual as essentially rational, independent, competitive and autonomous "However, inequalities that become extreme ...are cause of concern regarding the proper functioning of the meritocracy and the potential legitimacy of the order" (Nes & Iadicola, 1989, p. 12). Liberal feminists recognize that capitalist systems are prone to unequal distribution of wealth and concentration in the market place. These economic problems, if unchecked, can lead to inefficiency and injustices which impede access to the meritocratic structures (education, economy, and polity) and prevent an equal participation in the system of allocation of rewards based on income, status, and power (Nes & Iadicola, 1989).

Liberalism holds that in a well designed state the common good will be automatically pursued/furthered/obtained by the self-interested acts of its citizens (Purdy, 1992).

Liberal feminists have always maintained that physiological and psychological differences (if the latter exist) between the sexes do not constitute relevant grounds for denying certain opportunities for women (Rossi, 1973). Such differences are socially imposed, and are not innate and unchangeable as conservatives assume. The causes of women's oppression, rather, reside in women's lack of equal civil rights and equal

educational opportunities (Jaggar & Rothenberg, 1984). Thus, women's oppression can be tackled immediately through equity policies and a frontal attack on sexist stereotyping and discrimination. Once this discrimination disappears, women will be liberated (Callahan, 1996; Jaggar & Rothenberg, 1984). That is, what needs to be modified is male attitudes and actions and not male nature, and in this sense liberal feminism is reformist (Armitage, 1996).

Levan (1996) notes that Findlay (1988) saw the Royal Commission on the Status of Women (RCSW) as the beginning of the development of Canadian government policy on women. One direct result of the RCSW was that women believed appropriate pressure would result in government response to their demands.

Women's organizations¹² informed by a liberal approach adopted a strategy of lobbying and submitting briefs that was welcomed by the government, but which in the long run served to marginalize grassroots groups, including those active in causes related to violence against women who used more confrontational tactics and who were more vocal in insisting on systemic reforms (Levan, 1996).

Liberal feminists' characterization of humans (and of women, in particular) as self-sufficient and independent has been criticized as promoting competition instead of co-operation (Jaggar, 1983). In addition, as Purdy (1992) observes, Baier (1987) rejects the basic assumptions of liberalism because "its rules do little to protect the young or the dying or the starving or any of the relatively powerless against neglect" (Purdy, 1992, p. 66). Furthermore, liberal views become an impediment to active involvement and concern for the welfare of others (Purdy, 1992; O'Neill, 1994).

¹² E.g., the National Action on the Status of Women (NAC) and the National Association of Women and the Law (NAWL) both founded in 1975.

Armitage (1996), Jaggar and Rothember (1984) note that liberal feminists are not concerned with historical accounts of why women face inequality in society. On the contrary, radical feminism and socialist feminism developed from dissatisfaction with liberal and classical Marxist analyses of sexual inequality.

Pascall (1986) notes radical feminists have emphasised the universality of women's oppression and focused on experiences women have in common, with discussion and political action revolving around reproductive biology (i.e. abortion and contraception), and violence such as rape and sexual abuse.

Radical feminism has been criticized for its tendency to essentialism, as contained in the argument that universal oppression of women is based on a biological explanation as well as an assumption of cultural inferiority. The lack of an acknowledgement of differences between women is cited as another weakness (Pascall, 1986). The most important debates between the radical and the socialist perspectives deal with the origins of women's oppression, the beneficiaries of women's dependence, the domestic division of labour and the link between patriarchal domination and capitalist social relations.

While radical feminists subordinate Marxism to feminism, socialist feminists give Marxism and radical feminism, and their descriptions of sexual inequality within patriarchy and capitalism, identical weight within a socialist feminist account of sexual divisions in society. However, socialist feminists claim Marxist theory needs to be supplemented by feminist theory (Sayers, 1982) to better account for women's position in society.

In response to traditional Marxist statements, socialist feminists contend that capitalism/class cannot be privileged over patriarchy/gender. Accordingly, there is a need to

understand the interconnection of patriarchal and capitalist structures and the role of law in maintaining and reproducing those structures (Bryson, 1992).

Socialist feminists have specifically centred their arguments on the oppression of women under capitalism by emphasizing class and gender relations. Socialist feminist Zillah Eisenstein (1979) formulated a dual systems approach to understand the nature of women's oppression in capitalist society. For dual systems theory, both the spheres of production and reproduction are at the base of society, and capitalism and patriarchy are mutually dependent and interacting forces. The interaction of class and gender inequalities indicates that there are two dynamic forces at work in history, which must therefore be comprehended in terms of both class and gender struggles.

One major preoccupation of socialist feminists has been to place domestic labour as a component of productive relations. This leads socialist feminists to view the welfare state as organizing domestic life to benefit capital. The manner in which gender relations are reproduced in capitalism, and the role of education and other agencies of social policy in enhancing the ideology and material conditions of women's oppression, are important questions to answer if one is to understand the sexual division of labour, and in particular, why women are in charge of reproduction (Pascall, 1986).

Socialist feminists have been criticized for: emphasizing economic relations over gender relations; emphasizing capital's interests over men's interests in the sexual division of labour; emphasizing the family system as responding to the needs of capital only; and emphasizing an over-deterministic approach to the structural limitations posed on people's lives (Pascall, 1986).

The feminist ideological approaches reflect similar approaches found in the political scenario. Politicians and bureaucrats who design and implement policy and programs dealing with child poverty hold particular views in relation to the source and solution of the problem. Mishra (1996) asserts that the nature and scope of poverty research have been heavily influenced by the dominant ideological currents.

Indeed, social research - including poverty research - is best seen as a part of the political and ideological debate about the social world and how it might be shaped in accordance with particular values, beliefs, and interests. (Mishra, 1996, p. 454)

3.5 Ideological Influences on Poverty Policy in Canada

Ideology, or a belief system, (Bem & Bem 1981) connects a group of ideas that have a formative effect (Zapf, 1996) on a community in the determination of values and, most importantly, presents a picture of how the world “ought” to be. Ideologies legitimize economic systems and their underpinned set of values. For capitalism, these values are individualism, inequality, competition and private property (George & Wilding, 1985).

Ideology plays a crucial role in society’s vector of dominance and subordination. Gender inequality, like any other form of inequality, is not maintained by overt force, but rests and is reproduced by an ideological system of institutionalized (taken for granted) knowledge that reflects the interests of men (Bem & Bem, 1981). Brodie (1996) connecting the role of ideology and social policy argues that new major economic and political transformations require a match between the new order and compatible norms of behavior and representation of reality. Then at present, a major role of public policies and other important social institutions is to perform the task of moral regulation. According to Brodie (1996) moral regulation is “a process of normalizing,” “rendering natural,” or “taking for granted” the imposition claims that provide the basic premises for a particular state form” (Brodie, 1996, p.21).

In capitalism, the role of ideologies (through the work of political parties), is to gain the support of the oppressed and exploited and therefore not to only gain the wealth but their support for their own exploitation (Lefebvre, 1968). For capitalism now requires not only workers but moral workers. “workers who participate willingly in unequal relationships with their bosses, families and neighbors.” (Hylliard, 1998, p. xviii)

Hylliard (1998) argues that in addition to serving bourgeois economic interests (promoting single mothers and their children as a reserve army of labour) welfare policies such as Ontario Mothers' Allowance (OMA) with its moral regulation objective also reinforced gender, race, and sexual inequalities. For Mishra (2001) one of the functions of political ideology, as translated into policy by the governing party:

Is to shift the prevailing consensus in its own favour, preferably on a long-term basis. Nor does public opinion or national consensus necessarily prevent a political party from pursuing its own agenda once it is voted into office (Mishra, 2001, p. 57).

Theories about poverty are sustained by ideological beliefs, which in turn inform political action and policy design. As noted, Baker (1995) sustains that political ideology continues to be the decisive factor in explaining the designing or maintenance of social programs. In discussing whether children in Canadian policy are seen as a priority or afterthought, Lero (1993) stresses that political will, rather than research, is the main factor determining if social problems are construed "serious enough" to elicit comprehensive policy responses. Traditionally, political parties have put forward platforms emphasizing either social policy or economic policy (Baker, 1995). Some parties have been inclined to adopt policies providing more generous services to families with children. In contrast, others have been more inclined to enact policies benefiting individuals, corporations, or foreign interests (Baker, 1995; Finn, 1996; Barlow, 1992; Barlow & Campbell, 1995).

The focus of this dissertation is not to undertake that contrast nor to focus on the social, economic and political realignment taking place at the national and international level and of which there is a voluminous literature. However, the main ideological

characteristics of the Canadian parliament at the time of the declaration are in need of being explored because it is within this political and legislative entity where the friction between the residual and institutional approaches has been played out and the type of programming to deal with child poverty decided. It is the Canadian parliament that has determined the outcome of what Wilensky and Lebeaux (1976) characterized as the “drives for more or for less welfare services”. In the context of this dissertation this can be translated as the drives for universal or targeted programs to combat child poverty.

In addition, Mishra (2001) states that in relation to Canadian social welfare one of the major influences¹³ is political parties and their ideologies. Mullaly (1993) indicates that political science literature demonstrates that there are three major political ideologies in Canada: conservatism, liberalism and socialism. They were also the three ideologies represented in the 1989 Parliament by the Progressive Conservative Party (PC), Liberal Party (LP), and the New Democratic Party (NDP). However, they have not been and are not now of equal strength. There is consensus among writers that the dominant and pervasive political ideology in Canada since War World Two has been liberalism (Mullaly 1993)

The fact that liberalism has been and continues to be the dominant political ideology in Canada is of considerable importance because it provides the context for the development of Canadian social welfare. As it will be noted, the gradual shift from a residual to an institutional conception of social welfare coincided with the replacement of conservatism by liberalism as the dominant ideology in Canada beginning in the 1940s (Djao, 1983; Guest, 1985; Mullaly, 1993).

¹³ The other major influences according to Mishra (2001) are: the constitutional division of power between the federal and provincial government; pressure groups; and bureaucracy.

The principles of liberalism have been implemented mostly by the Liberal Party, who governed the longest in the past century. Because of its long reign Thorburn (1979) calls the Liberal Party the normal government party. Reflecting the overall ideological uniformity found in the Canadian polity, the Liberal party contains two distinct but not antagonistic ideological factions: business and welfare liberalism (Graham, Swift & Delaney, 2000). These two factions coexist because they share two common traditional liberal values, liberty and individualism. According to Graham et al:

Welfare liberalism places human rights above the economic rights of the individuals. This element of liberalism is expressed in the willingness of government to impose taxation and other forms of economic regulation as well as to facilitate the development of social welfare programs. Business liberalism, on the other hand, interprets these as economic restraints to individual freedom. This faction of the Liberal Party is more attuned to minimizing government law making regulation, especially in economic matters. (2000, p. 44)

Given this ideological dichotomy, the interpretation of Liberal social policy requires that one identify which faction predominates within the party (Graham et al. 2000). Maioni (1994) analyses the Federal Liberal Government paper *Improving Social Security in Canada* and notes that although the federal Liberal Party remained divided over the extent of social policy innovation it always kept as its objective to ensure individual freedom through equality of opportunity during the reign of “welfare liberalism” in post-war Canada. Maioni (1994) notes that although equality of

opportunity continues to resonate in Liberal language “the commitment to welfare liberalism as a means to achieve that end is drowned out by a strong undercurrent of economic liberalism” (p. 118). This results in social policy design been constrained by concerns of economic efficiency and growth.

In relation to social work, the political strands competing with liberalism in Canada are neo-conservatism and social democracy. Neo-conservatism, which supports the use of coercive social work practices, such as the ones involved with the administration of the means and needs tests, which entail a threat to personal autonomy (Guest, 1980, 1994). Neo-conservatism in Canada is pursued by the Progressive Conservative Party.

Graham, et al., (2000) note that the PC are known as “tories” since the beginning of confederation and had represented the British tory tradition. This party like the Liberal party contains two ideological factions. One faction represents business liberalism while the other represents tory values of hierarchical yet collectivist views of society. Graham et al. (2000), Christian and Campbell (1990) indicate that John Diefenbaker the tory Prime Minister (1957-1963) with his policy to equalize economic opportunities is an example of toryism opposed to the Liberal business liberalism of the day. Brian Mulroney the Conservative Prime Minister (1984 - 1993) is portrayed by the same authors, as an example “of an ultra-business liberalist neo-conservative position on social policy, where free trade was a dominant force guiding political and social agendas” (Graham et al., 2000. p.45).

Social democracy seeks the transformation of Canada from a capitalist to a social democratic state and is associated with national or universal coverage of social security

programs. Social democrats subscribe to the social conflict school (Mullaly, 1993) and believe that universal disbursement of benefits will create a sense of 'community solidarity' that will reduce unnecessary divisions and conflict between the dependent and independent members of society (Guest, 1980, 1994). Social democrats are in agreement with Marxists in an ideal socialist model of welfare, which contains a basic model of equal distribution of societal resources and would consider collective consumption and would provide universal comprehensive and free social services such as health and education (Mishra, 1981; Mullaly, 1993). Social democrats believe that this form of equal distribution of societal resources is possible:

Only after the production and distribution of all resources come under state control (either by nationalization or by regulation).

Only then will the market, the family, and private property cease to be the basic means of distribution of income and opportunities (Mullally, 1993, p. 92).

The New Democratic Party (NDP) is associated with social democratic values in Canada. The NDP was considered the third party (Thorburn, 1979) and has never been elected federally. The NDP finds its roots in the Co-operative Commonwealth Federation (CCF), an organization which made political history in the 1930s by calling for the eradication of capitalism (McLeod & McLeod, 1987). The NDP ideological roots are found in liberalism (Mullally, 1993), welfare liberalism and in its opposition to the hierarchical conception of society espoused by toryism (Graham et al. 2000). Sustaining collectivist and equality principles, new democrats advance legal equality and opportunity equality as important objectives. As such: "Social policy proposed by the

NDP tends to be universal, with broad access and a uniformity of distribution across Canada” (Graham et al., 2000, p. 45).

Along with the Liberal Party, federally and in the provinces where they were elected, until the 1990s, they have been historically more involved than the Conservative Party in the development of social welfare programs (Baker, 1997). Armitage (1996) notes that the NDP has been the clearest and most consistent proponent of social welfare in the Canadian political spectrum. This party is the one that has shown a stronger commitment to the welfare ideal of the redistribution of income, wealth and power. Particularly, the CCF-NDP government in the province of Saskatchewan (1944-1964, 1971-1982) left a legacy of social welfare programs (e.g., hospital insurance, advanced trade union legislation) that became benchmarks in Canada and North America (Armitage, 1996). The CCF-NDP (NDP after 1961) governments in Saskatchewan creatively and determinedly developed and expanded public ownership in a province where historically most large corporations were owned by outside interests. This public ownership allowed a relatively poor province to afford medicare and to introduce other programs to improve the quality of life of Saskatchewan people (Brown, Roberts, & Warnock, 1999).

These three influences, found in the political scenario in 1989, find programmatic expression through three different perspectives about the causes and solutions to child poverty.

3.6 Perspectives on Child Poverty

Dunn (1999) notes that several of the theories of poverty are reflected in policies that are either suggested by advocacy groups or implemented by governments. In the preceding pages, views and ideologies informing those theories have been presented. However, the connection between policy as an expression of theory-ideology and political implementation is an area that needs further examination. Before proceeding with an examination of the policies designed and implemented to alleviate child poverty, it is important to review three perspectives on child poverty as suggested by Reistma-Street, Carriere, Van de Sande, and Hein (1993) and shown in Table 6 (below).

The first perspective, “the market cure”, has been, in the Reistma-Street et al’s view, the official policy of the federal government with respect to child poverty and other social and economic concerns since the 1980’s. In line with the anti-collectivist view, the cause of poverty lies with the individual and can be related to relaxed family discipline and sexual morality. The market cure states that deficit reduction, fewer social programs and less government interference in the economy will increase productivity, and result in the “trickle down” benefits of more jobs, higher family incomes, and enough surplus money to assist those most in need.

The second perspective, the liberal compromise, attributes the cause of child poverty to a combination of economic (parents’ lack of money), social (unjust distribution of resources), and political (unequal opportunities) factors. Similar to a

Table 6

Three Perspectives on the Causes and Solutions of Child Poverty in 1992¹⁴

	Market Cure	Liberal Compromise	Collective Challenge
Poverty Assumption	Severe absolute poverty undesirable; relative poverty is necessary for motivation and survival of fittest.	Absolute poverty unfair. Some relative poverty inevitable, but should be mitigated by safety net.	Absolute and extreme relative poverty is neither necessary nor inevitable; sufficient resources exist for adequate living conditions for all. It can be eliminated.
Responsibility for Change	Individual; Heads of household	Individuals and families with help of voluntary organizations and state.	Individuals through all types of organizations, including international ones.
Economic Causes	Disincentives on businesses to make money; unproductive technology; contraction of economy.	Inequality of opportunities for individuals and groups to compete fairly. Uneven productive growth.	Expansion of international economic wars. Economic decision making removed from political and environmental accountability.
Family Causes	Erosion of family values. Disincentives for fathers to keep their jobs and for mothers to take care of their children.	Inadequate help to families to take care of children.	Systematic devaluation of family work.
Government Causes	Interference, regulations, inefficiency, waste, and taxes.	Cutbacks in safety net. Poor distribution of resources.	Loss of political power at national and international levels to combat economic primacy.
Solutions	<ul style="list-style-type: none"> • Promote business. • Promote jobs for fathers and family work for mothers, e.g. increase child deductions. • Decrease taxes and regulations on businesses. 	<ul style="list-style-type: none"> • Reduce inequality in education and employment; promote jobs. • Expand prevention programs and some direct help to families, e.g. expand child benefits credits. • Reinforce safety net and more progressive taxation. 	<ul style="list-style-type: none"> • Promote economic democracy and alternative sources of capital, energy and jobs. • Expand universal services for all children, e.g. day-care, dental care, education. • Expand political power and accountability, especially of international organizations.

¹⁴ From *The Social Worker*, Volume 61(1) Spring, 1993, page 7

liberal feminist approach, the solutions to child poverty include redistribution of resources and opportunities to ensure a fair chance to all children regardless of birth or luck.

The third perspective, the collective challenge, views the cause of child poverty as resulting from: a) an increasing concentration of wealth, both nationally and internationally; b) the unrelenting pursuit of profits by a few powerful managers of TNC's, which, with the approval of national political leaders, control the international capitalistic market economy; and c) the fact that the needs of children and those who care for them are not considered important unless they are related to a future ability to produce or consume. Concordant with a socialist feminist perspective, the collective challenge also explains the high levels of child poverty within single woman-headed households as a result of economic policies that devalue the work that caring women do at home.

Like the liberal compromise, the collective challenge views the government cutbacks to the safety net as a factor in the increase of child poverty. In addition to other social programs, a significant step toward reducing child poverty is the establishment of a universal day care system. This would ensure a quality to daily living, regardless of the economic conditions of the family into which the child is born.

This section reviewed the ideological approaches to poverty and child poverty and noted how ideology is reflected in policy perspectives regarding the causes and solutions to child poverty in Canada. The next section, by examining the policies designed and implemented to alleviate child poverty, illustrates how the predominant approaches to social welfare are also reflective of these ideological perspectives.

4. Residual and Institutional approaches to child poverty policy

Child benefits have been allocated over the years through two kind of programs. Some authors (i.e., McGilly, 1998; Pollack, 1998) have characterized these programs as being universal broad-based or selective means test/targeted programs. As it will be noted in the next section of this dissertation, the Canadian child benefit system began during the First World War with a program that targeted a minority of families with taxable income. Shortly after the Second War World (with the introduction of the Family Allowance Act, FAA) child benefits began to be distributed through universal programming. Since 1989, some authors contend, the universal character of child benefit programs was effectively reversed back to a targeted approach when families began to have their children's allowances reduced in relation to their income level.

The fluctuation over time between universal and targeted programs denotes the fact that public policy dealing with child poverty reflects and is consistent with shifts related to broader conceptualizations of the welfare state. The choice of universal or targeted programming reflects the evolution of the welfare state and the predominant broader approach at the time in which the policy was implemented.

The residual and institutional approaches to social welfare (Wilensky & Lebeaux, 1976) will be reviewed in this dissertation because they provide the broader framework from which those responsible for social security programming articulate responses to issues such as child poverty. For Canadian public policy dealing with child poverty evolves and revolves within and around the two main approaches that have influenced the development of the welfare state (Guest, 1994).

Pal (1997) notes that policies are tools or instruments to address issues of concern to the political community, and because of its instrumental character public policy is not separate from its value loaded characteristic, for a problem is defined according to goals or things considered of value. Torjman and Battle (1992) note that child poverty programs have evolved over the years to serve various political, social and economic objectives.

As indicated, in Canada, public policy dealing with child poverty has evolved from the two main approaches that have influenced the development of the welfare system: the residual and institutional approaches. However, the presence of these two approaches is not an exclusive feature of Canada's welfare system.

According to Gilbert and Specht (1976), capitalist welfare systems have been characterized in social work literature as containing two major formulations: the residual and the institutional approaches. The main difference between these two views can be summed up in relation to their response to whether financial public assistance to the destitute, sick, and those unable to extract the resources needed for their physical survival from their participation in the market economy is to be of a temporary (minimal-residual) or permanent (optimal-institutional) nature. A closer review of these approaches follows, in order to note that targeted programs are more reflective of a residual approach while universal child poverty programs are more reflective of an institutional approach to social welfare.

4.1 Residual Approach

The residual approach was the dominant conception to social welfare (Guest (1980) and by extension to child poverty before the 1940s. The residual formulation proposed that there were two “natural”, “normal” channels through which an individual’s needs could be met: the family and the market economy. These were the preferred structures of supply for individuals and families faced with the loss of income or insufficient income to acquire the necessities of life. It is acknowledged however, that sometime these institutions do not function appropriately: family life is disrupted, or economic depressions occur. If this is the case, and the income of an individual or a family is interrupted, then the onus is on the individual, or the family to seek alternative sources of income (another job, borrowing, seeking credit), or where these market bounded avenues/solutions are exhausted without success, the individual or the family is to ask the help of a relative. If for some reason, these two avenues of help failed, or if the individual could not access the two normal channels because of old age or illness, then and only then a third mechanism of need fulfillment was brought into play: the social welfare structure. The social welfare agency is to step into the breach primarily on an emergency basis, and is expected to withdraw once the regular social structure - the family and the economic system - is again working adequately allowing the individual to regain the capacity for self-support (Guest,1980; Wilensky & Lebeaux, 1976).

According to Gilbert and Specht (1976), this approach emerged in the transition from pre-industrial to industrial society. As such, the residual approach “does not reflect the radical social changes accompanying advanced industrialization, or fully account for

various aspects of contemporary social welfare activity” (Wilensky & Lebeaux, 1976, p. 86). The advent of modern capitalist society required social welfare to move to a more institutionalized context (Gilbert & Specht, 1976). Djao (1983), Guest (1985) note that Canada’s social welfare state moved from a residual toward an institutional form as liberalism (represented by the Liberal Party) replaced conservatism (represented by the Conservative Party) as the dominant ideology in Canada in the 1940s.

4.2 The Institutional Approach

The institutional conception of welfare is based on the premise that industrialization and urbanization are natural steps in human progress. At the same time that human progress has meant higher standard of living for a good number of people it has negatively affected those who have to bear most of the costs of industrial progress (Mishra, 1981; Mullaly, 1993)

Within the institutional approach, social welfare programs are to be a first line of defense against the duress of a capitalist society rather than just serving a residual function. Thus, the institution of welfare is to be side by side with all the other social institutions in society instead of being a last resort to be accessed by people when all other social institutions have failed (Guest, 1980; Wilensky & Lebeaux, 1976).

This view dispenses with moralizing about the limitations/deficits of people in need, and by considering them genuinely in need, takes away the suggestion of abnormalcy and the stigma of “dole” or “charity” attached to social programs by the neo-conservative residual approach to welfare. Thus, there is no need for extended use of the humiliating means test (Guest, 1980; Wilensky & Lebeaux, 1976).

In response to the suggestion that the institutional approach allows members of society to evade their family responsibilities, this approach contends that social assistance in a modern, complex industrial society strengthens families who may need help in carrying out their obligations (Guest, 1980; Mullaly, 1993).

The purpose of the welfare state, according to the institutional view, is not to change society but to make good for its deficits/shortcomings. This view encompasses

more than mere physical survival. As an organized system of social services it is designed to assist individuals and groups to reach higher standards of life and health. Through/by the strengthening of personal and social relationship individuals will achieve the fullest development of their capacities and will promote their well being in unison with the needs of the community (Wilensky & Lebeaux, 1976).

Social welfare becomes accepted as a proper, legitimate function of modern industrial society in helping individuals achieve self-fulfilment.

The complexity of modern life is recognized. The inability of the individual to provide fully for himself, or to meet all his needs in family and work settings, is considered a "normal" condition; and the helping agencies achieve "regular" institutional status (Wilensky & Lebeaux, 1976, p.84).

The institutional approach grants poor people certain claims to social assistance and spares recipients of social security programs from having to submit proof of their entitlement through universal allocation of benefits to portions of the population.

4.3 The Present Shift: From Institutional to Residual Welfare System From Universal to Targeted Child Poverty Programs

The unanimous declaration made by the Canadian Parliament in 1989 to eliminate child poverty is important because it was made by those who have the power to design and are also responsible for the implementation of public policy. The recent political-economic history of Canada demonstrates that when political leaders are determined to tackle a problem they consider important (i.e., debt reduction, budget deficit) they undertake whatever measure they deem necessary to eliminate or significantly reduce the problem. The prevalence, indeed the increase of child poverty may question the extent of the commitment undertaken by all political parties and in particular of those who have occupied office since 1989. The success obtained by the federal and provincial governments in the economic front might be contrasted with the apparent failure of the same governments to effectively tackle child poverty.

Increasing numbers of social work authors postulate that the Conservative government of Brian Mulroney in the 1980s aggressively initiated the restructuring of the Canadian welfare state, and that the present changes to the social security network point to a shift back to a residual form and away from the institutional approach in effect since the 1940s. This shift was motivated by a national and international capital accumulation crisis brought about by low profitability levels experienced in the 1970s (Tester, 1996; Camfield, 2000), and detonated by the energy crisis in 1973 (Tester, 1996). The Canadian economy experienced high rates of unemployment and rising rates of inflation. The leaders of capitalist democracies responded differently to the global economic crisis

(Haddow, 1993). The responses were in relation to the strength of the predominant socio-economic ideological vision present in any given country (Simeon & Robinson 1990; Baker, 1995; Haddow, 1993). For example, liberal welfare states such as the United States and Britain followed the neo-liberal (Mendelson, 1997) or what Haddow (1993) describes as a dualist path. A dualist path entails a significant reduction in the allocative and redistributive capacity of the state to foster the formation of a growing pool of unorganized and low paid workers (Simeon & Robinson, 1990). The implementation of the neo-liberal or dualist path marked the beginning of a new policy regime imbued in neo-liberalism. Under neo-liberalism the states become instrumental in keeping the markets as free of any interference as possible, especially the labour market (Mendelson, 1997). As noted, neo-liberalism is a philosophy “that aims to foster circumstances that promote private sector profits and economic growth” (Pulkingham & Ternowetsky, 1997, p.25). Neo-liberalism, which as a political ideology is aggressively exclusionist, extends the class power of large capital and reduces the collective capacity of labour (Burke, Mooers, & Shields, 2000).

In contrast, and as noted in the international section of this dissertation, some European countries with social democratic and conservative traditions adopted what Haddow (1993) calls a “corporatist” or a “coordinated market capitalism” approach according to Mendelson (1997). This approach requires co-operation between government, business and labour instead of an attack on the interests of the latter. The corporatist or coordinated market capitalism approach is consistent with the political ideology represented in what is known as the Keynesian welfare state. The Keynesian social contract in effect since after the Second World War entailed the acceptance of the

welfare state and its institutions, pursued “full” employment public policies, and recognized workers’ rights to collective bargaining (Burke et al., 2000). In Canada, “all major political parties and social interests came to accept the broad and relatively elastic framework of this social contract, at least until the onset of serial economic crises in the mid-1970s” (Burke et al., 2000, p. 11). Even though Keynesian inspired policy promoted a capitalism of limited inclusion, it allowed for the informal participation of diverse groups in the policy formulation process and allowed these groups to materially benefit from the steady economic growth experienced in the three decades after World War II. During this time:

The politics of limited inclusion and the opportunities for social mobilization that it allowed ensured a social safety net and popular pressures for the redistribution of wealth. Wealth remained unequally distributed, but the effects of market inequality were partially mitigated by the policies of the welfare state (Burke et al., 2000, p. 11-12).

Brodie (1996) notes that the three major parties at the time of the 1989 resolution (Progressive Conservatives, Liberal, and New Democrats) had shared the “Keynesian” or “post war” consensus including the following three main principles:

- The development of a comprehensive social welfare system,
- The use of macro-economic levers to control inflation or stimulate growth and protect the national economy from international disturbances, and
- Adherence to a more liberalized international trading regime (Brodie, 1990, p. 149. Brodie, 1996, p.4)

The only disagreement among the three major parties related to how much welfare or how much government intervention in the economy was appropriate. That the three parties had similar platforms is further noted in the manner, that until the mid-1980s, political commentators referred to the federal Liberals and Conservative parties as “Tweedledum and Tweedledee” or “The boys from Bay Street” and to the New Democratic Party as simply “Liberals in a Hurry.” (Brodie, 1996).

Though Canada’s political establishment supported and subscribed to the Keynesian welfare state principles during the post war period and until the mid-1970s, it was more inclined to follow the neo-liberal or dualist path as a way to resolve the economic crisis. The economic arguments for restricting the welfare state “were accepted by the major parties as a matter of common sense after 1975. (...) In Canada there were fewer barriers than elsewhere to the pursuit of a market-oriented, anti-labour response to economic crisis” (Haddow, 1993, p.191).

The fiscal crisis and the actions of a well organized right (Ornstein & Stevenson, 1999) led by the conservative Prime Minister Brian Mulroney, made possible the implementation of a neo-conservative,¹⁵ neo-liberal political project in Canada, in the 1980s (Riches, 1986; Haddow, 1993; Ornstein & Stevenson, 1999; Pulkingham & Ternowetsky, 1997). In the 1980s, given the offensive from the right and the absence of ideological divisions in the general public, the elites of the political parties each took a step to the right: Conservatives became “reformers”; Liberals became Conservatives; and the NDP, the last Liberals (Ornstein & Stevenson, 1999, p. 431). Similarly, Baker (1997)

¹⁵ It is important to note the observation made by Pulkingham and Ternowetsky (1997) that the labels “new right,” “neo-conservatism” and “neo-liberalism” describe the predominant economic and political approach in Canada and other capitalist economies since the early 1980s.

notes this ideological convergence by indicating that political parties broke tradition in the 1990s, as they were no longer divided over a number of economic and labour issues.

By agreeing in a neo-liberal, neo-conservative, dualist path, politicians agreed that for Canadian business a market driven economy was the best capital accumulation strategy, globally and nationally (Haddow, 1993; Tester, 1996; Campfield, 2000). This market-driven economic strategy, which is 'all the rage' these days (Wharf & McKenzie, 1998) considered incompatible any government interference and the needs of a prosperous private economy (Haddow, 1993).

In terms of policy, the elimination of the federal and provincial deficits became politicians' main objective (Riches and Ternowetsky, 1990; Wharf & McKenzie, 1998).

As Riches & Ternowetsky put it:

All efforts were to be directed at reducing the federal deficit, which was said to be out of hand. One area in which to cut expenditures and introduce efficiency was social spending. By the mid-1980s, welfare reform - which was to become the main policy device and rallying cry for cutting social assistance benefits, reducing welfare dependency, and reasserting the values of the traditional work ethics - had become an accepted goal of the federal and provincial welfare policy (Riches & Ternowetsky, 1990, p.108).

The coexistence of liberal and conservative approaches allows the government to design public assistance policy based on an estimation of public support for a given initiative. The ultimate objective of this "pragmatic" approach is to save public money (McGilly, 1996). The conservative liberal ideology assumes an obligation to mitigate the

misery of the poor through public assistance. This obligation is clear when the poor are old, sick, lone mothers, or handicapped - that is, the “deserving poor”. The “undeserving poor” - the suspect poor, the employable and the working poor are to be treated differently, because they represent the interface between the poor and the labour market.

Explicit liberal ideological arguments and concerns were articulated in government - sponsored recommendations for new poverty reforms from the 1960's to the present, reforms that seek to direct resources to the least advantaged and foster self sufficiency and independence (Haddow, 1993; Jennissen, 1996)

Among other authors, Armitage (1996), Campfens (1997) and Teeple (1994), noted that the Canadian welfare state is experiencing significant reductions in what were known as generous provisions in social security and services. Canadians are now witnessing the undoing of the welfare state that, in spite of its shortcomings was geared to providing, as a right, income assistance to those in need (Pulkingham & Ternowetsky, 1996; Mishra, 1986) within the context of a capitalist market economy and plural polity (Mishra, 1986).

One significant consequence of the restructuring of the welfare state has been an attack on peoples' previous entitlements to social security programs. Armstrong (1997) notes that a profound social change is affecting the evolution of the Canadian welfare state and new power relations and a new ideology have emerged where one of the roles assigned to the state is that of assisting the deserving poor only in extreme conditions. Bach and Rioux (1996) submit that we have gone back to the foundations of social welfare, the English Poor Law, which clearly makes a distinction between the worthy and unworthy poor.

The distinction between worthy and unworthy poor is increasingly based on whether people work. Riches (1997) submits that people's entitlements to social assistance now are related to their capacity to sell their labour power as a commodity in the labour market. Hunter (1998) contends that beyond the distinction between worthy and unworthy, programs such as the Canada Child Tax benefit (CCTB), are entrenching the poor law of less eligibility by ensuring that those who work are better off than those social assistance recipients who don't work.

Explanations for the return to a residual approach to social welfare are that the welfare state with its generous benefits has become an impediment for countries trying to compete in the new global economy, which in its present structure, leaves every country with no choice but to compete in an open market (McGilly, 1991, 1998).

The quest for becoming competitive on a global scale is what prompts business and political leaders to attack the previous commitment to universal, broad-based programs introduced in the post World War II period. Pollak (1998) notes that corporations "vigorously promote the idea that **universality is fiscally irresponsible, inefficient and a threat to our national competitiveness**" (p. 22, bold in original). The federal and provincial governments in Canada have responded by discarding universality, "saying we can no longer afford broad-based programs and must **target those most in need**". (Pollak, 1998, p.22, bold in original) Concretely, in the area of child poverty, the federal government replaced the universal Family Allowance program with non-universal targeted programs such as the Canada Tax Benefit in 1993 and the National Child Benefit in 1998.

Several authors consider the shift from universal to targeted programs an ineffectual approach to combat child poverty and a refusal on the part of the government to take action on the underlying causes of child poverty (i.e., low paying jobs, and inadequate child and family social policies). Instead, by cutting federal support, the government is abandoning families to the mercy of a labour market, which no longer supports them. The restructuring of Unemployment Insurance (now Employment Insurance) and the demise of the Canada Assistance Plan will weaken the security of Canadian people and will lead to a patchwork of diverse provincial programs akin to those that existed in the 1950's and earlier periods (Pulkingham & Ternowetsky, 1996, p.3; Bach & Rioux, 1996). The government's solutions and explanations for these problems represent a continuation of the neo-conservative, pro-market policies pursued by the Mulroney conservatives during the 1980's (Pulkingham & Ternowetsky, 1996).

An increasing number of social work theorists (Sengenberger, 1991; Brecher, 1993; Tester, 1996; Ternowetsky, 1996; Collier, 1997; Riches, 1997) postulate that the social policy changes in general and, by extension, those affecting child poverty in Canada, are reflective of standards set within international trade agreements. These agreements explain the present restructuring of the welfare state, and, (according to these theorists), will force a harmonization of Canadian social programs (including the area of child poverty) with social programs in the United States and developing countries.

This section has explored how socio-economic, and political ideological views of society are expressed in the approaches taken by Canadian political parties. The predominant political and economic approach (Liberal) was noted as providing the framework to understand the social welfare system and its concomitant repercussions on

child poverty programming. The next chapter also deals with ideological influences, those that inform the development and explain the predominance of different definitions and measurements of poverty.

5. Definitions and Measurements of Poverty

There is no one, correct, scientifically agreed upon definition of poverty (Alcock 1993). It is a political concept (Alcock 1993; Ternowetsky, 1983) and, as such, definitions of poverty are bound to be contested:

academic and political debate about poverty is not merely descriptive, it is prescriptive. Poverty is not just a state of affairs, it is an *unacceptable* state of affairs - it implicitly contains the questions what are we going to do about it? ...the imperative of action is intrinsic in the concept. Poverty is a problem, or it is nothing. What it can not be is *not* a problem (Alcock, 1993, p.4)

Townsend (1993) acknowledges the political connotations of poverty but stresses that the challenge is to produce a poverty measure that is as scientific as possible.

Since the 1960's there has been considerable research undertaken to determine who are most likely to be among "the poor" (Jones, 1985; NAPO; NCW). Samad (1996) notes that researchers seem to be obsessed with definition and measurement of poverty, and not with the causes of poverty. This creates a disassociation between poverty research and policy development.

There are two basic approaches to defining poverty: absolute and a relative definitions (Alcock, 1993; Burman, 1996; NAPO; NCW; Ross, et al., 1994).

Conservative politicians would favor absolute definitions, while liberals and social democrats would favor relative definitions of poverty (Graham, Swift & Delaney, 2000).

Absolute poverty refers to a financial capability to purchase or obtain necessities such as food, clothing, shelter, and medical care in an effort to guarantee physical survival and reproduction. In this approach, human needs are seen mainly as physical needs - food, shelter and clothing.

Relative poverty “ is the problem of poverty in an affluent but unequal society. Basic needs may be met, but for those at the very bottom many other social expectations cannot be met, resulting in their exclusion from the customary standard of living in that society” (Alcock, 1993, p.8).

The relative approach, the one preferred in western industrialized countries (Haddow, 1993), moves, then, beyond subsistence and emphasizes human needs as social needs. These social needs emerge from the socially demanding roles people are expected to perform as workers, citizens, spouses, neighbors, friends, etc. (Townsend 1993; Purdy, 1992). People are not just consumers; they are also producers of physical goods and are active participants in complex social associations.

The relative definition considers poverty in relation to the present average standard of living of a given society and, as mentioned, is not related to minimal physical needs, nor is it related to historical standards or the standards of living in other countries. In fact, this definition revolves around a level of inequality that can be justified (Ternowetsky, 1983). Arguments for the reduction of poverty utilizing relative definitions can be considered arguments for the reduction of inequality. The main measurement problem for this definition consists in determining at what level of inequality a person or a family is to be considered poor, for the proportion of the population deemed poor depends on the level at which the poverty line is established.

In Canada, there is no official definition or poverty line (Greene, 1993; Harder, 1996; Ross, Shillington & Lochhead, 1994). This has prompted some politicians to argue that the lack of appropriate measurement methods impedes progress in the elimination of poverty:

To eliminate child poverty in Canada requires that we be able to measure income inadequacy and assess our success or failure in dealing with the problem. Similarly, to satisfy any commitments the Canadian government has made in signing international agreements we need indicators which are suitable to the task (Greene, 1993, p. 2).

There are, however, at least eight indicators or “working definitions” of poverty (Ross et al. 1994:); Statistics Canada low income cut-offs (LICO’s); the Canadian Council on Social Development lines of income inequality; the poverty lines devised by the Senate’s special committee on poverty; the budget guidelines of the Metropolitan Toronto Social Planning Council; the Montreal Diet Dispensary guidelines; the Fraser Institute poverty lines; the basic income levels derived from provincial social assistance rates; and the basic income levels suggested by Gallop and other sources of public opinion (Ross et al. 1994 p. 11).

In this dissertation, three indicators of poverty or poverty lines, frequently used in Canada are reviewed. They were devised by Statistics Canada, the Canadian Council on Social Development, and the Fraser Institute.

5.1 Statistics Canada Low Income Cut-Offs

The Statistics Canada line is the measure of poverty most used (Dunn, 1999) and widely accepted (Djao 1983; NAPO; NCW). It is based on the percentage of income consumers spent on basic necessities (food, shelter and clothing). Although Statistics Canada does not regard its low-income cutoff as a definition of poverty (Harder, 1996) it has been considered as such since 1959 (Dunn, 1999) when Statistics Canada, through a survey, concluded that on average Canadian families spent approximately one half of their incomes on food, clothing, and shelter. Statistics Canada defined as poor those families who must spend an additional twenty per cent on these basic necessities, and who possessed inadequate income to spend in education, health care, transportation, etc. More or less arbitrarily, Statistics Canada determined, then, that the poverty line would be at the level of income at which the average family of any given size spent 70% or more of its income on basic necessities (Ross et al, 1994).

Statistics Canada (1998) explains the process by stating that the expenditure patterns of Canadian families are assessed through the Family Expenditure Survey (FAMEX). FAMEX is conducted every four years and from this data, the Canada average family expenditure on food, shelter and clothing is calculated. Then this family average expenditure is:

(...) expressed as a percentage of the pre-tax income. Base year low income cut-offs are set where families spend 20 percentage points more of their income than the Canadian average on food, shelter and clothing. The FAMEX data are then analyzed to

determine the income levels where families spend this percentage on the basics (i.e., the overall Canada percentage plus 20 percentage points). These income levels, differentiated by size of area of residence and by family size, become the base year low income cut-offs. (*Statistics Canada, 1998. Catalogue no. 13-551-XIB, p.6*)

At present, the average Canadian family spends 34.7 % of gross income on food, shelter and clothing according to the 1992 survey data on spending patterns. Thus, it is assumed that a poor family would be one that spends 54.7 % or more of its income on the necessities of life. Statistics Canada low-income cut-offs are adjusted according to family size and community size. This results in seven categories of family size, ranging from one person to seven or more persons, and five community sizes including rural areas to cities with 500,000 or more inhabitants. The end result is 35 different cutoffs, which are updated yearly to account for the cost of living as measured by the Consumer Price Index (Burman, 1996; Ross et al. 1994; National Council of Welfare, 1997).

The methodology used to set the 1986¹⁶ base low income cut-offs is the same. However, the 1986 survey data estimated that the average family would spend 36.2 per cent of their income in food, shelter and clothing. Then it was assumed that low income Canadians spent 56.2 % or more on the necessities of life (NCW, 1997).

The 1992 Statistics Canada survey consisted of a population of 39,000 households, including all Canadian households with the exception of northern residents, Aboriginal Canadians on reserves, and prison populations. Income was measured by

¹⁶ The 1986 and 1992 bases for low income cut-offs are utilized in the analysis that follows.

including pre-deduction wages and salaries, net income from self-employment, government transfer payments, investment income, pension and alimony income

Table 7

Statistics Canada's Low Income Cut-offs (1986 Base) for 1993

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	15,452	13,328	13,259	12,087	10,520
2	20,945	18,398	17,973	16,383	14,261
3	26,624	23,385	22,844	20,824	18,126
4	30,655	26,922	26,302	23,977	20,869
5	33,492	29,416	28,737	26,196	23,801
6	36,356	31,928	31,192	28,434	24,749
7+	39,101	34,343	33,551	30,585	26,620

Statistics Canada No. 13 – 551-XIB

(Burman, 1996). Excluded from income were capital gains, gambling, inheritances, loans and income in kind (Ross et al. 1994).

In 1993 (Table 7), the LICO for a family of two living in a city of 500,000 or more was \$20,945. For a family of four living in a city of the same size, the LICO was \$30,655, while for a family of seven or more it was \$39,101. The LICO for a family of seven and more living in rural area was \$26,620.

Poverty, as assessed by this measure has been on the increase since 1989, in Canada, both in relative and absolute numbers (Table 8). In 1989, there were 3,487,000 (13.6%) Canadians living in poverty. In 1995, the number reached 5,070,000 (17.4%).

Table 8

Poverty Trends, All Persons

Year	Number of Persons Living in Poverty	Poverty Rate
1989	3,487,000	13.6%
1990	3,821,000	14.6%
1991	4,227,000	16.0%
1992	4,320,000	16.1%
1993	4,775,000	17.4%
1994	4,795,000	16.6%
1995	5,070,000	17.4%
1996	5,190,000	17.6%
1997	5,121,000	17.2%

Source: National Council of Welfare, Autumn 1999, p.10

In 1993, the number of children living in poverty reached 1,415,000 or 20.8% (Table 9). The NCW (1999) reports that similarly, the number of poor families had increased from 786,000 (11.1%) in 1989 to 1,111,600 (14.8%), in 1993.

Table 9

Poverty Trends, Children Under 18

	Number of Children Under 18 Living in Poverty	Poverty Rate
1989	934,000	14.5%
1990	1,105,000	16.9%
1991	1,210,000	18.3%
1992	1,218,000	18.2%
1993	1,415,000	20.8%
1994	1,334,000	19.1%
1995	1,441,000	20.5%
1996	1,481,000	20.9%
1997	1,384,000	19.6%

Source: National Council of Welfare, Autumn 1999, p. 11

Within the subcategories of family types (Table 10) - single-parent mothers under 65 with children under 18, and couples under 65 with children under 18 - the former had a poverty rate of 52.9% in 1989 and 57.2% in 1995, while the latter had a rate of 8.5% in 1989 and 12.6% in 1995. Both categories have increased their representation within poor families.

Table 10, also reveals that for the period 1989-1993 the poverty rate for couples without children was consistently lower than the rate for couples under 65 with children under 18.

Statistics Canada data shows that a poor family's standing differs according to the number and age of children. Two-parent families with two children under seven presented a poverty rate of 10.8 % in 1994. The same type of family but with both children older than seven presented a poverty rate of 8.2 %. Among families led by single mother parents the poverty rate was 82.8 % when both children were under seven, falling to 46.4 % when both children were over seven.

Table 10
Poverty Rates for Families 1989-1997

Year	Single-Parent Mothers Under 65 With Children Under 18	Couples 65 and Older	Couples Under 65 Without Children	Couples Under 65 With Children Under 18
1989	52.9%	11.1%	7.6%	8.5%
1990	60.6%	8.5%	8.3%	9.6%
1991	61.9%	9.0%	9.3%	10.7%
1992	58.4%	8.5%	8.8%	10.1%
1993	59.8%	9.7%	9.9%	12.4%
1994	57.3%	6.8%	9.7%	11.3%
1995	57.2%	7.5%	10.4%	12.6%
1996	61.4%	8.6%	10.3%	11.9%
1997	57.1%	7.0%	10.9%	11.9%

Source: National Council of Welfare, Autumn 1999, pp.18 & 20

Picot and Myles (1999) note and Jackson and Robinson (2000) remark that the fall in poverty levels derived from the application of poverty lines can not be considered a true indicator of social progress. They sustain that poverty lines (which separate the poor from the non poor) present very limited information on changes over time because they ignore the intensity/depth of poverty. Jackson and Robinson (2000) indicate that:

The proportion of the population living in poverty in a country could be reduced just by redistributing income from the very poor to those just below the poverty line, pushing some out of poverty at the expense of much deeper poverty on the part of others (Jackson & Robinson, 2000, p. 36).

To measure the severity of poverty afflicting families, statistics such as the depth of poverty and poverty gap are utilized. Depth of poverty reveals the average incomes of poor Canadians as a percentage of the poverty line. Poverty gap notes the difference between average incomes and the poverty line in dollars, making it possible to calculate Canada's total poverty gap "or the amount of additional income that would be required to bring all Canadians above the poverty line in any given year" (NCW, Spring 1997, p.53; NCW, Spring 1998, p.54). Jackson et al (2000) define intensity of poverty as "the extent to which people with low incomes fall short of the poverty line" (p. 36). The National Council of Welfare (Spring 1997; Spring 1998), and the Social Planning Council of Winnipeg (1999) talk about the "depth of poverty" and operationalize it similarly. For example, the Social Planning Council of Winnipeg defines depth of child poverty as "the difference between the amount required to reach the Lico (Statistics Canada Low Income Cut-off) and the average poor family's income." (p. 1)

Ken Battle with the Caledon Institute of Social Policy commenting about the slight decline observed in poverty rates from 1996 to 1997, notes that the depth of poverty did not improve. In fact, Battle (1999) indicates that the average low income family headed by a person under age 65 dropped slightly from \$8,873 below the poverty line in 1996 to \$8,905 below the poverty line in 1997. Elderly families fell deeper in poverty from 1996 to 1997, from \$2,906 in 1996 they fell to \$4,165 in 1997.

The total poverty gap for all low-income households in 1996 was \$19.6 billion and in 1997 was \$19.9 billion according to the Caledon Institute of Social Policy¹⁷ (1999). Statistics Canada noted that it would take \$6.6 billion to bring all families with children living below poverty line up to the poverty line (NCW, 1997).

In addition to the LICOs, which has been produced since the early 1970s, Statistics Canada introduced in the late 1980s a second measure called the Low Income Measure (LIM) as an alternative to the traditional Low Income Cut - offs (LICOs) for measuring the size, incidence and composition of the low income population. (Statistics Canada, 1997, p. 8) Both measures are by design relative measures (Webber, 1998).

The LIM is defined as 50% of median income, adjusted for family size and composition using an equivalent scale, which recognizes the expense that each and every additional family member will signify to that family. The equivalence scale assigns a weight of 1 for the first family member and 0.4 for the second family member without considering age. The third and subsequent members of a family are given a weight of 0.4 if they are 16 years of age or older and 0.3 if they are younger than age 16. LIMs unlike

¹⁷ According to the NCW (Spring 1997; Spring 1998) the poverty gap in Canada for 1995 was 16.3 billion and for 1996 was \$17.8 billion.

LICOs, do not make differentiation by community size (Webber, 1998). Tables 11 and 12 show LIMs calculated before taxes (Table 10) and after taxes (Table 11).

Table 11

Low Income Measures by Family Type

Based on One-half Median Adjusted Family Unit Income (\$)				
Family Type	1987	1990	1993	1996
Two adults/one adult, one child	13,724	16,598	16,815	17,713
Two adults, one child/one adult, two children	16,665	20,155	20,419	21,508
Two adults, two children, one adult, three children	19,606	23,712	24,002	25,304
Two adults, three children/ one adult, four children	22,547	27,269	27,625	29,100

Source: Statistics Canada, 1999. Catalogue 13F0019XPB

According to LIMs a family of two adults or a family made up of one adult and one child was to be considered poor if their pre tax income was at or below \$13,724 in 1987, or \$17, 713 in 1996. A family of two adults and two children or one adult and three children were poor if their pre tax income was \$ 22,547 or less in 1987 and \$ 29,100 in 1996.

Poverty lines are lower when utilizing LIMs after tax. Table 12 (below) shows that the poverty line for a family of two adults or one adult and one child was considered poor if their after tax income was at or below \$ 11, 613 in 1987, and \$14,871 in 1996.

Table 12

Low Income After Tax Measures by Family Type

Based on One-half Median Adjusted Family Unit Income (\$)				
Family Type	1987	1990	1993	1996
Two adults/one adult, one child	11,613	13,839	14,134	14,871
Two adults, one child/one adult, two children	14,102	16,805	17,163	18,057
Two adults, two children, one adult, three children	16,590	19,770	20,192	21,244
Two adults, three children/ one adult, four children	19,079	22,736	23,221	24,431

Source: Statistics Canada, 1999. Catalogue 13F0019XPB

This study will utilize LIM as an alternative poverty measure for comparison purposes. The NCW (1999) explains the scope and limitations of this measure, which is based on one-half of median family income:

LIMs vary with family size and composition, but they are the same in all parts of the country. They reflect the reality of higher costs of living in large cities and lower costs of living in rural areas. For that reason, they are always substantially lower than LICOs. (...)

Is the approach most often used in international comparisons of poverty. LIMs and similar measures provide interesting comparisons at a given point in time, but they tend to be “flat” over time and do not track well against the ups and downs of the economic cycle (National Council of Welfare, Autumn 1999, p. 6).

The main difference between Statistics Canada’s original methodology and that of the other poverty lines examined in this paper consists in Statistics Canada’s method of

adjustment, which considers price inflation only. Further, adjustment or yearly revision of poverty lines by Statistics Canada was interpreted by some authors (Burman, 1996; Ross et al, 1994; Townsend, 1993) as reflecting the introduction of widely accepted relative elements in the measurement of poverty. Townsend (1993) observes that Ross and Shillington (1989) and the Senate of Canada (1976) agreed that the Canadian official standard of low income tended toward an absolute or physical definition, which implied a much lower level of income than that determined by a relative or social definition. In 1994, Ross et al indicate that the fact that Statistics Canada regularly updates its poverty lines:

based on changes in the proportion of average income devoted to essentials, which has fallen as the Canadian standard of living has increased, implies a commitment to the view that poverty has a relative definition rather than an absolute one (Ross et al p.14).

As noted below (New Measures of Poverty) the view that a relative definition of poverty was acceptable in Canada has changed.

5.2 The Canadian Council Poverty Line

The Canadian Council on Social Development line is considered a more relative poverty line (Djao, 1983; Ross et al. 1994), with measures that go “farther towards a purely relative approach” (Burman, 1996, p.20). The CCSD line is based on the premise that poverty is economic deprivation, and deprivation should be considered relative to the average incomes of a society at a given point in time (Osberg, 1981). An appropriate minimum standard is considered to be one that is not less than one-half of the average family income in the relevant community, which for the CCSD is Canada as a whole.

Since the measuring stick is the average income of the country, the CCSD line does not take into account regional or rural/urban disparities (Ross et al. 1994). The CCSD line measures income inequality rather than poverty or need, and does not provide estimates of the cost of basic necessities. Accordingly, an average Canadian family (3.15 members) is considered to be poor if its income is less than 50% of the average income (Djao, 1983). Statistics Canada reported the Canadian average income as \$53,676 in 1992 (Ross et al. 1994). The average total income (in 1998 constant \$) for economic families of two people or more in 1990 was \$59,547, in 1993 it was \$56,615, and in 1997, \$59,659 (Statistics Canada, 1998 Cat. 75-202-XIE)

The CCSD line is adjusted for household size by assigning an individual 50% of the average family income and the equivalent of 83 % of the average family income for a family of two. For families of more than three persons, each additional person is assigned an increment of 16.7%. The increment represents an estimation of the annual living costs of an additional family member. Until 1979, the CCSD considered a family

of four to be a basic family. The persistent decline of family size caused this to change to a family of three, along with an increase in the values of the lines (Ross et al, 1994). Like the Statistics Canada's LICO, the CCSD poverty line is based on pre-tax or gross incomes and excludes benefits in kind (Mishra, 1996).

As noted Picot and Myles (1999), Jackson and Robinson (2000) argue that poverty lines can not be considered true indicators of social progress because they ignore the intensity/depth of poverty. In addition, another significant and more encompassing criticism of poverty lines comes from Ternowetsky (1983; 2000) who claims that poverty-line research directs our attention to the poor and not to the system where poverty is a reflection of an unequal structure. For poverty is the 'normal' outcome of the 'normal' functioning of capitalist economies which simultaneously produce extremes of poverty and wealth. By utilizing a poverty-line research approach the system of production which systematically produces poverty remains unscrutinized. Poverty-line research concepts de-politicize inequality by viewing poverty as an unacceptable condition to be solved by focusing on the issue of allocation and alleviation and not on the inequalities of condition which account for the inequality of outcome (income poverty). (Ternowetsky, 1983; 2000)

Ternowetsky (1983) maintains that policy directives stemming from relative definitions are not measures to lower inequality, but safety net estimates to ensure the poor will not fall any further behind community standards of well being. The policy directives "throw the onus of achievement back on the individual rather than the development of structural measures to ensure equality" (Ternowetsky, 1983, p. 13). The concept of poverty, chiefly a condition of inequality, must be reconsidered because:

Like the poverty line, the concept of poverty narrows the issue; it directs our attention, to the poor, to a group of 'losers', rather than to a system in which poverty is just one, normal manifestation of the structure of inequality. The normative elements of the poverty concept need to be recognized. Poverty implies an aberrant condition that can be modified by tinkering, a usage which undermines critical thinking. (Ternowetsky, 2000, p. 3)

Ternowetsky (1983) emphasizes the need to politicize the issue of inequality by providing data on the rich as well as on the poor so that advocacy can move beyond the mere debate on the income levels of the poor.

5.3 The Fraser Institute Poverty Line

In contrast to the relative definitions and methods of counting the poor in Canada contained in the Statistics Canada and CCSD poverty lines, the Fraser Institute poverty line offers an absolute approach to identify the poor in Canada. Christopher Sarlo (1992), the author of the Fraser Institute poverty lines, submits that poverty is the inability to obtain “a nutritious diet, warm, dry safe housing, clean clothing appropriate to climate, sufficient personal hygiene items and health care”¹⁸ (p.27). Sarlo (1992) considers that the accepted operationalization of poverty based on relative measures produces gross exaggeration of the extent of poverty¹⁹. The use of relative measures emphasizing inadequacy compared to average living standards is what produces “inflated” poverty ratios. A more accurate assessment of poverty would be obtained by utilizing absolute measures, which focus on the lack of basic necessities.

Similar to the Montreal Dispensary Guidelines, the Fraser Institute poverty lines are an attempt to define the cost of the basic, absolute necessities required for physical survival (Ross et al, 1994). This is done by measuring the cost of a “basket” of goods which includes shelter, clothing, food, and transportation (Armitage, 1996). Expenditures are broken down into basic categories and the items are priced in each category. Greene (1993) notes that one of the unique features of Sarlo’s method is that its estimates are based on “explicit economizing strategies” (p.31). Economizing

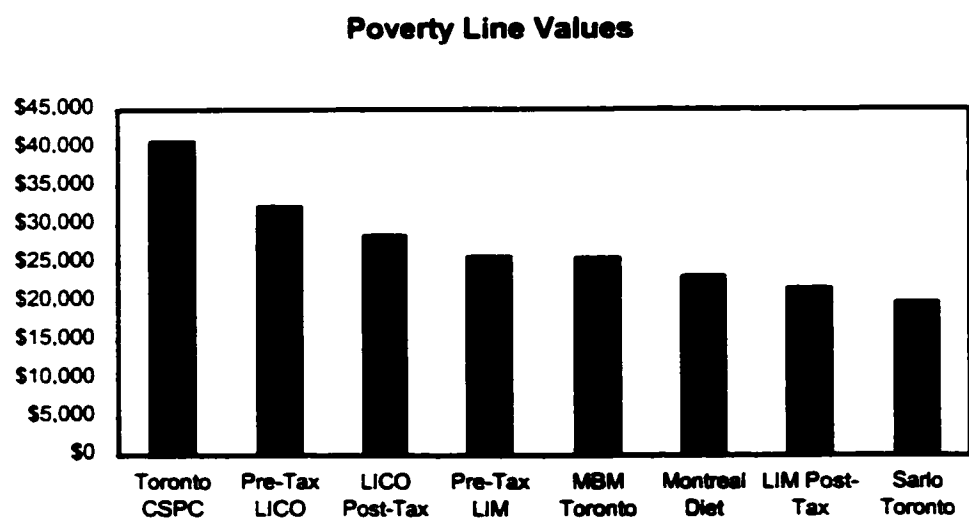
¹⁸ The lack of “alcohol, tobacco, a one week holiday at the cottage and costly recreation does not make one poor” (Sarlo, 1992, p. 28).

¹⁹ For example, there are 3 to 5 million considered poor when the fact is that poverty is “virtually eliminated”.

strategies include the use of store coupons, no name products and the cheapest package sizes when estimating individual annual food costs. This is not the case for the Agriculture Canada's Food Baskets or the Toronto Social Planning Council's assessment for a nutritious diet. Sarlo's estimation for individual annual food costs is 67 % of Agricultural Canada's and 58 % of the Toronto Social Planning Council's.

The Fraser Institute provides poverty lines for different cities as well as for each of the provinces (Ross et al, 1994). Sarlo's absolute method produces a much lower poverty line income than LICO's and CCSD's. Mishra (1996) observes that for Sarlo, the poverty line for a family of four in 1988 was \$13,140, compared to the LICO's \$22,371, and the CCSD's \$26,941. Similarly, the number of poor in Canada, according to Sarlo, would amount to 2.5%, compared to LICO's 14.8% and CCSD's 15.4%. As Figure 1, below indicates, the different approaches to measure poverty produce different results. In essence, this seems to confirm the maxim "how you view poverty determines the number of poor you see."

Figure 1
Poverty Line Values



National Council of Welfare Autumn 1999

5.4 New Measures of Poverty

As noted above, the view that a relative definition of poverty was acceptable in Canada has changed. Fellegi (1999) the Chief Statistician of Statistics Canada defines LICO as reflecting “a well defined methodology which identifies those who are substantially worse off than the average. Of course, being significantly worse off does not necessarily mean that one is poor” (p.2). In Fellegi’s view LICO’s are quite different from measures of poverty.

To respond to the question who is poor in Canada? the Federal/Provincial/Territorial Working Group on Social Development Research and Information assigned Human Resources Development Canada the task of constructing an absolute measure of a concept of poverty to be widely accepted and to be a better tool than the existing measures. The poverty measure created by HRDC - the Market Basket Measure (MBM) - is based on Adam Smith’s notion of “necessaries” which was defined by Smith as: whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without.” (HRDC, 1998, p. 2)

Closely associated with the concept of “necessaries” is what constitutes a creditable person whom in HRDC’s interpretation Smith defined as someone who rises “above subsistence levels of food, clothing and shelter.” (1999, p2). The HRDC (1999) notes that in today’s social context, a creditable person does not necessarily have to enjoy a standard of living as required by definitions of poverty informed by concepts such as of social inclusion. Social inclusion is basic to the concept of relative poverty because it compares living standards.

The MBM, using as reference a family of four (two parents and two children), is based on the ability of the family to possess enough income (“threshold income”) to permit the family to purchase the market basket that will provide a creditable standard of living. HRDC (1998) indicated that the “threshold income” should allow the family to:

- **eat a nutritious diet**-The family will be capable of purchasing a Nutritious Food Basket, as defined by Health Canada.
- **buy clothing for work and social occasions**
- **house themselves in their communities**-The family will have the ability to rent a median-cost, three-bedroom apartment in their community.
- **pay for other necessary expenditures**-The family will be attributed an amount equal to 60 percent of the combined cost of the food and clothing budgets to cover other necessary expenditures such as personal care, household needs, furniture, telephone service, public transportation, reading, recreation, entertainment and school supplies (HRDC, 1998, p.3).

The cost of the basket utilized by the MBM is adjusted for family size and configurations other than the reference family of four, and accounts for the variation of the costs of the items across the country. Before determining the level of income available to consume the market basket items, the pre-tax income is subject to the following deductions:

- income taxes and payroll taxes paid by members of the household;
- child care cost incurred to enable both parents or a lone parent to work for pay;
- child support payments made by non-custodial parents; and

- actual out-of-pocket medically prescribed expenditures for dental and vision care, prescription drugs and prescribed aids for persons with disabilities (HRDC, 1998, p.3).

HRDC (1998) notes that a comparison of the MBM thresholds to the 1996 LICOs points to a significant difference between the two measures. The national incidence of poverty using the MBM is markedly lower (12 percent) than the incidence of poverty using LICOs (17 percent).

As for children and poverty, the MBM also reveals marked differences:

The aggregate poverty gap for children-the difference between actual incomes and the thresholds for all Canadian families with at least one child under age 18 with incomes below the thresholds - is significantly smaller using the Market Basket Measure than using the LICOs: for 1996, \$3 billion compared to \$6.8 billion (HRDC, 1998, p.3).

Shillington (1999) notes that by using a market basket society's obligation to poor children is limited to that particular basket of goods and not to a portion of Canada's wealth. Also, by indexing values over time to increases in prices only and not to income consumption, children are denied any improvement in their standard of living over time. Shillington (1999) indicates that by using the MBM there is an immediate reduction in child poverty by about one-third without raising the standard of living of a single child. Shillington (1999) notes that the government intends to "end" poverty by redefining and hiding it to make inequality statistically acceptable.

Another change undertaken by Statistics Canada will also affect the number of people reported below the poverty lines. Since 2000 Statistics Canada has produced its catalogue data based upon using the variable total income after-tax, which is a departure from the previous practice of reporting total income based upon before-tax levels. The assumption behind using after-tax is that the number represents the total income available to an economic family after taxes from income have been removed. This may not be the best approach as the assumption is that taxes are paid, however families continue to pay a number of consumption taxes such as those placed upon fuels or taxes placed upon goods at the point of sale (e.g., GST), education and health taxes etc. Using before-tax income, the assumption is that an economic family will have to pay all of these taxes from the income that they have.

Ross et al., (1994) demonstrate that poverty lines are significantly lowered when an after-tax cut-off is utilized so that, "when the percentage of people living in poverty in Canada in 1990 is estimated using the two methods, the rate falls from 14.6%(before tax) to 11.5% (after tax)" (Ross et al., 1994, p. 28)

In this section, several measures of poverty used in Canada were presented. The poverty lines as defined by Statistics Canada (LICO and LIM), the Canadian Council on Social Development, and the Fraser Institute in particular were examined to illustrate the array of alternative ways to measure poverty. For the purpose of this dissertation, Statistic Canada's LICO, the most accepted poverty indicator in Canada will be utilized to operationalize "level of poverty" to assess the Child Tax Benefit. For comparison purposes LIM, the other indicator of poverty devised by Statistics Canada will be used when analyzing the data.

The international context of poverty, the ideological forces present in the Canadian political scenario molding our understanding of poverty and the methods to measure it provide the broader context to move onto the next section containing a review of the policy initiatives undertaken to deal with child poverty, in Canada.

6. Child Poverty - Policy Initiatives

This section presents a succinct historical account of the ideological evolution of child poverty programming in Canada and its corresponding practical initiatives taken to deal with this problem.

The CTB will be reviewed and a review of its successor the Canada Child Tax Benefit (CCTB) will follow. The opinions of different authors and organizations regarding the impact of the CTB will be presented. Also other factors influencing child poverty and found in the literature will be outlined.

In relation to the role of the state, the distinction between deserving and undeserving groups has been the focus of regular debates about the Canadian welfare state. The view of who deserves social assistance has changed over time and the federal government has gradually assumed responsibility for the deserving groups.

Carniol (1990) notes that, at the beginning, the predominant view regarding welfare was that the role of the state was to be minimal and should consist in maintaining public institutions for the insane, the criminal, and the “absolutely unfit”. Armitage (1996) states that before the 1900s, municipalities assumed limited responsibility only for the sick, old, young and women with dependent children, and only if they were absolutely destitute (i.e., the “deserving”). The “undeserving” were, “Those who were simply poor or unemployed or “handicapped” in some way were to be left to the charitable institutions or, more likely, to their own devices.” (Carniol 1990, p.31) In Carniol’s view this approach was consistent with the prevailing notion that held that most of the poor were outright frauds, and that it was counterproductive to assist them.

Carniol (1990) and Armitage (1996) note that entitlement to social assistance was gained by certain groups as the result of social unrest. Carniol (1990) relates that leading industrialists and politicians agreed to expand the role of the state in social welfare, during the 1930s, as a tactic to preserve capitalism in light of the increased militancy of workers during the Depression, and to the massive dislocation caused by the First World War.

Clearly, the resistance to assume collective responsibility for individuals' financial shortcomings was weakened by the widespread misery that descended on Canadians during the Depression. The Report of the Special Senate Committee on Poverty (1976) acknowledges that:

Things changed during the Great Depression (which began in 1929 and continued until the beginning of the Second War World, 1939), for it became quite clear that the old methods of dealing with unemployment, hunger and misery simply were not good enough. Poverty was no longer something that happened to a hidden minority. It was obviously affecting a near majority of people, and Canadian governments - the Federal Government in particular - were under the pressure to do something about it (p. 66).

The Marsh Report²⁰ in 1943, established a benchmark in the deserving - undeserving dispute by proposing that all Canadians should be entitled to minimum

²⁰ Written by the House of Commons Advisory Committee on Post-War Reconstruction, contained similar ideas to the ones emitted by the British Report on Social Insurance and Allied Services of 1942 and known as the Beveridge Report.

social security standards to protect them from universal risks (i.e., ill health and ageing) and employment risks (i.e., unemployment and disability). Those unable to survive by participating in the labour market (e.g., the unemployed, the elderly, the sick, the physically handicapped, the widows, and the mothers who are single heads of families) came to be considered deserving of social assistance through social insurance programs designed to protect them from a lack of or a sharp reduction in their income. Children were from the beginning considered part of the deserving groups.

As a direct result of the Marsh Report, the universal Family Allowances program was legislated in 1944 and implemented in 1945 (Armitage, 1996). Family Allowances was the first program to specifically acknowledge the existence of child poverty by recognizing that families with children may be in need of financial assistance even when a parent was working.

Children's entitlement to a dignified life is an attractive proposition for parents, teachers, social workers and other professionals working in the area of child welfare. Respect for children's political, social, civil, economic and cultural rights has been a cause espoused - if not always acted upon - by politicians in the domestic and international community for quite sometime.

Since the *Geneva Declaration of the Rights of the Child of 1924*, Canada and most countries in the world consider that the child, "by reason of his physical and mental immaturity, needs special safeguards and care, including appropriate legal protection, before as well as after birth" (quoted in *Convention on the Rights of the Child*, p. 2).

The Canadian government signed the United Nations (UN) *1989 Convention on the Rights of the Child* and was a strong supporter of the 1990 UN sponsored World

Summit for Children. As a signatory of the *Convention on the Rights of the Child*, the Canadian state agrees there is a need to extend particular care to the child and that in all of its actions, the best interests of the child will be its guiding principle. It also recognized “for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right...” (Article 26.1).

The Senate Committee on Poverty in Canada (1976) points out that the worst effects of poverty are suffered by children: (...) “The greatest tragedy is that of the children. Neglected by a society which has failed in its duty to provide the essential facilities, they lack the education, the opportunity, and often the motivation to escape from their environment”. (p. xiv)

As noted in the introduction, similar concerns are echoed in the Canadian literature regarding children in poverty (Baker, 1994, 1995; Freiler, 1996; Kesselman, 1994; O’Neill, 1994; Purdy, 1992). Despite international and national recognition of society’s responsibility to ensure the material and psychological well-being of children, the experience of Canadian children, as outlined in this dissertation, indicates a lack of consistency between the proclaimed responsibilities and the children’s real life situation. Rodriguez (1995), reviewing the reality of Chilean children, found what may be also true in Canada, that “Nevertheless, crude facts show that politicians seldom take childhood protection as a main crusade, and only very few of them include children’s rights as part of their agenda” (p. 257)

Children living in poverty are not a new phenomenon in Canada (Senate of Canada, 1968, National Council of Welfare, 1975). For example, the National Council of

Welfare report *Poor Kids* (1975) found that, based on 1971 census data, of the 6.76 million children under age 16, 1.66 million (24.6 %) were poor. Of these, 1,314,576 (79.3%) poor children were in two parent families, while 296,398 (17.9%) were in single (female) parent families and 46,028 (2.8%) were in single (male) parent families. The fact that most children lived in two parents families was not surprising for the report authors, as the majority of Canadian families belonged to that category. The authors did however, find far more significant:

(...) the proportions in poverty within each of these three categories. Among children in two-parent families across Canada, 21.2% were in poverty; among those in male headed single-parent families, 33.7% were in poverty; among those in female-headed single-parent families, an incredible 69.1% were in poverty.

Moreover, this overwhelming probability of poverty for children in families headed by mothers alone held true in all provinces and all population categories (*Poor Kids*, 1975, pp.7-8).

Since the 1971 census, the trend in Canada has become one of increasing numbers of children living in poverty. As noted, since 1989, the level of child poverty has continued to increase (Canadian Council on Social Development (CCSD); Cohen & Patten, 1997; Freiler, 1996; Howe & Covell, 1997; Kitchen, 1997; National Anti Poverty Organization (NAPO)). The Canadian Council on Social Development (CCSD), in its 1996 Report Card, indicated that since 1989 child poverty in Canada has increased 46%. Howe and Covell (1997) note that when the House of Commons passed the resolution to eliminate child poverty by the year 2000, the child poverty rate was 14.5%, and

“Between 1989 and 1993, the child poverty rate increased steadily. In 1993, the year in which the Child Tax Benefit was implemented, Canada had its highest child poverty rate in 14 years, at 20.8%. A further 481,000 children had been added to the ranks of the poor (p. 235). Table 13 shows child poverty rates in Canada from 1980-1997. The numbers corroborate the statements made by the previously cited authors and show that child poverty has remained for most of the last two decades above 15%.

Table 13

Poverty Trends Canadian Children Under 18 (1980 – 1997)

Year	Poor Children	All Children	Poverty Rate	Year	Poor Children	All Children	Poverty Rate
1980	984,000	6,619,000	14.9%	1989	934,000	6,438,000	14.5%
1981	998,000	6,552,000	15.2%	1990	1,105,000	6,522,000	16.9%
1982	1,155,000	6,476,000	17.8%	1991	1,210,000	6,606,000	18.3%
1983	1,221,000	6,437,000	19.0%	1992	1,218,000	6,704,000	18.2%
1984	1,253,000	6,377,000	19.6%	1993	1,415,000	6,799,000	20.8%
1985	1,165,000	6,361,000	18.3%	1994	1,334,000	6,997,000	19.1%
1986	1,086,000	6,390,000	17.0%	1995	1,441,000	7,011,000	20.5%
1987	1,057,000	6,380,000	16.6%	1996	1,481,000	7,093,000	20.9%
1988	987,000	6,395,000	15.4%	1997	1,384,000	7,053,000	19.6%

Source: National Council of Welfare. Autumn 1999, p. 11

During this century, the Canadian child benefit system has experienced significant and substantial philosophical changes reflecting the evolution of the welfare state. The child benefit system began during the First World War and was first geared to the minority of families with taxable income. It provided them with a tax-delivered, selective and regressive children's tax exemption (Guest, 1980; Battle & Mendelson, 1997). At the end of World War Two, this system was expanded to provide a universal base of Family Allowances that included all families with children, regardless of income.

6.1 Family Allowances

The Family Allowance Act (FAA) introduced in 1945 incorporated a new element into Canadian social security - the universal welfare grant (Guest, 1980). This grant was to recognize the contributions of all parents to child rearing (Phipps, 1995), and assist low-income families to put extra money in mothers' hands during the transition from a wartime to a peacetime economy (Torjman & Battle, 1993).

The FAA also entrenched the institutional concept of social welfare premised on the notion that life in an urban and industrialized society has inherent risks for individuals and families, the consequences of which should be assumed by the entire society (Armitage, 1996; Eichler 1988, Gilbert & Specht, 1974; Guest, 1980).

The rationale for Family Allowances and other universal, non-means tested social security programs is based on the need of the intended beneficiaries. Eligibility is determined by whether or not need exists (Armitage, 1996).

Under the Family Allowance Act all families with children under age 18²¹ received a flat rate of \$34.92 per child per month, or \$419 a year in 1993. Beginning in 1986, family allowances were de-indexed and were only adjusted by the amount by which inflation was higher than three per cent each year (Torjman & Battle, 1992).

In 1989, a 'clawback' was introduced (Armitage, 1996) requiring families with

²¹ Originally, the FAA provided benefits for children under sixteen years of age. In 1964, *The Youth Allowances Act* recognized an increase in the years of dependency of the young by extending FA to children up to the age of eighteen.

an income over \$50,000 to repay the allowance at a rate of 15% of their income. As a 'progressive' social program, family allowances were a taxable benefit where the higher the income of the higher income parent, the more income tax was paid on family allowances. The universal basis of family allowance was effectively abolished with the introduction of the 'clawback' because some higher income families had to pay back their entire family allowances (Torjman & Battle, 1992; Pulkingham & Ternowetsky, 1999).

As noted, the 1989 unanimous declaration by the House of Commons committed the Canadian government to eliminate child poverty by the year 2000 (Report Card 96). It also expressed a determination to take effective action to deal with this serious problem, and to make Canada what Scarth (1993) called a child friendly nation. Up to 1988 there were five major policies geared towards children: a) family allowance; b) the refundable tax credit; c) the non-refundable tax credit d) equivalent to married exemption (tax exemption for dependent children); and d) the child care deduction. The Progressive Conservative Party's regime of the 1980s and 1990s revolutionized the federal child benefits system by transforming a universal, though not progressive system, to a progressive income-tested system intended to serve low and middle income families with children (Battle & Mendelson, 1997).

The introduction of the refundable child tax credit for lower and middle income families, the taxation and significant increase of Family Allowances, and the protection of full indexation, were all elements of progressivity introduced into the child benefit system (Battle & Mendelson, 1997). The Child Tax Benefit, the Work Income

Supplement and the National Child Benefit represent a move away from the universal (institutional) approach to social policy espoused in the Family Allowance Act (FAA).

These changes took place at a time when in the macro social policy front, there were also some significant developments. These changes brewed during the 1980s when political support for reforming welfare programs significantly increased as Canadians experienced an economy in recession, rising unemployment, escalating interest rates, a confluence of neo-conservative forces, and the drive for a private – sector - led recovery to make Canada more competitive both at home and abroad (Riches, 1990). Eliminating the public debt and fighting the deficit became politicians' mantra and transformed social programs such as unemployment insurance and social assistance as causes of economy's ills. As Riches (1990) puts it:

All efforts were to be directed at reducing the federal deficit, which was said to be out of hand. One area in which to cut expenditures and introduce efficiency was social spending. By the mid -1980s, welfare reform - which was to become the main policy device and rallying cry for cutting social assistance benefits, reducing welfare dependency, and reasserting the values of the traditional work ethic - had become an accepted goal of federal and provincial welfare policy (Riches, 1990, p. 108).

In 1996, the Canada Assistance Plan (CAP) and the Established Program Funding (EPF), the mechanisms through which the federal government has shared and funded the costs of welfare and social services²² with the provinces and territories since 1966,

²² Plus health and education

became a single block under the Canada Health and Social Transfer (CHST). The financial constraints attached to the new programs administered by the provinces were nothing but monumental. Courchene (1997) estimates that, under the new arrangement, cash transfers to the provinces were to be reduced from approximately \$18 billion in 1996 - 1997 to just over \$11 billion in 2001. Similarly, the Alternative Federal Budget (AFB) observes that overall federal spending on child care services suffered a 33% cut (\$105 million).

Two policies have been implemented since the 1989 resolution: the Child Tax Benefit, and the National Child Benefit. The focus of this dissertation will be a review of the effects on child poverty of the Child Tax Benefit implemented in 1993. The National Child benefit was implemented in July 1998. The short period of time elapsed since July 1998 makes it premature to undertake an assessment of this program.

6.2 Child Tax Benefit

On January 1, 1993, the Conservative government abolished the universal Family Allowances, the Child Tax Credit, the Credit for Dependent Children and replaced them with a single income-tested federal Child Tax Benefit (CTB). As noted earlier, the CTB, incorporated under the Income Tax Act, was a shared responsibility of Human Resources Development Canada (HRDC) and Revenue Canada. It provided a monthly payment to families with children under the age of 18. In 1993, the CTB was received by 3.1 million families, or 80% of all Canadian families with children, at a federal cost of \$5.1 billion (Government of Canada, 1994).

To qualify for benefits under the CTB, the primary caregiver of a child must be: a) a Canadian citizen; b) a permanent resident as accorded by the Immigration Act; c) a convention refugee; or, d) a person who has legally resided in Canada for the previous 18 months, as a visitor or holding a permit issued by the immigration officials. The benefits will cease in one of the following instances: a) the child turns 18; b) the family leaves Canada; or c) the child dies (Government of Canada, 1997).

The CTB had three components: “the basic benefit, a supplementary benefit for children under age 7 and a Working Income Supplement (WIS)” (Government of Canada, 1994, p.5). The basic benefit was designed to help families meet the costs of raising a child, was income-tested, and varied according to the number of children in the family. Qualifying families received a monthly payment for each child of up to \$85, to a maximum of \$1,020 per year. An additional \$75 was paid for the third and each subsequent child in a family. In addition to meeting certain requirements, a family must

not have had an annual income exceeding \$25,921 in order to receive the maximum basic benefit. For families with net incomes over \$25,921, the benefit was reduced by 2.5% (one child), or by 5% (two or more children). Families with one or two children do not receive basic benefits if the family net income was over \$67,000 (Government of Canada, 1994).

The second CTB component was a supplementary benefit of \$213 per year for parents who did not claim the Child Care Expense Deduction (CCED) for each child under the age of 7. By providing this supplement the government was recognizing the extra costs involved in raising pre-school children (Government of Canada, 1994).

The third component, the Working Income Supplement (WIS), supported the earnings of working poor families at a rate of 8% (of earnings) once their earned annual incomes exceed \$3,750. Families with incomes between \$10,000 and \$20,921 were eligible to receive the maximum benefit of \$500 regardless of the number of children in the family. This supplement was reduced at a rate of 10% once the earned income was above \$20,921, and disappeared once the net income reached \$25,921. Families with children who got all or most of their income from welfare, unemployment insurance or other government programs did not qualify for the W.I.S. (NCW, 1997, p. 4).

After three years of implementation of the CTB and at the insistence of the New Democratic government of the province of Saskatchewan child poverty was once again on the federal government's agenda (Freiler, 1996), and, in 1996, the Annual Premier's Conference concluded there was a need to harmonize existing income support programs to avoid duplication of activities and programs, and the overlapping of jurisdictional responsibilities which, in the Premiers' view, reduced the effectiveness of current

programs. The federal, provincial (with the exception of Quebec) and territorial governments agreed on a new initiative, the National Child Benefit (NCB), to enhance a newly created Canada Child Tax Benefit (CCTB) (the CCTB was announced in the 1997 budget, and took effect in July 1998). According to the federal/ provincial/territorial ministers of social services, this program arises from the Prime Minister and Premiers' 1996 decision to make the task of tackling child poverty a collective priority (HRDC, 1997). For future reference, the new Canada National Child Benefit (CCTB) will be reviewed in the pages below.

6.4 National Child Benefit

The objectives of the new Canada Child Tax Benefit (CCTB) are: a) to help prevent and reduce the depth of child poverty; b) to promote attachment to the workforce by ensuring that families will always be better off as a result of working; and c) to reduce overlap and duplication through closer harmonization of program objectives and benefits and through simplified administration (HRDC, 1997, p. 6). In July 1998, the WIS was incorporated into the child tax benefit. The benefit for the first child is \$605. (a \$105 increase), \$405 for the second and \$330 for the third and each subsequent child. As with the previous program, benefits are provided for families whose earned income is over \$3,750 and reduced when net income reaches \$20,921. For families with incomes above \$25,921 the same benefits received under the CTB remain (\$1,020 per child). The same child-care provisions²³ under the CTB continue under the National Child Benefit.

Under the new agreement, provincial and territorial governments will have a diminished role in providing basic income support for welfare families with children who receive no increase in funding. In return, provincial and territorial governments have made a commitment to reinvest the money saved (an estimated \$500-\$600 million a year) in other programs and services to benefit families and to help fight child poverty. The signatories to the agreement believe that, under this framework, more benefits and services to low-income families with children will be provided. The provision of these benefits and services will allow the National Child Benefit to meet the “objectives of helping to prevent and reduce the depth of child poverty and promoting attachment to the workforce for people on social assistance” (HRDC, 1997, p. 11).

During its three years of existence the CTB was the object of criticism. The CTB was the only program targeted to benefit the poor and, in Armitage's (1996) view, represents one of the weakest social policy responses to the needs of family among the Western developed countries²³. Lero (1993) points out that in addition to their political unsustainability, targeted programs tend to polarize views about the deserving and undeserving beneficiaries and engender a two or multi-tiered system further segregating and stigmatizing poor children. Since the abolition of FAA in 1992, anti-poverty policies for families with children use income as the basis for eligibility. The CCSD (1993) indicates that the notion of less eligibility²⁵ was a feature of the new child benefit policies. One of the central objectives of the government is to move poor working families off welfare. Working poor families are targeted as beneficiaries in the WIS, and families on social assistance are not eligible, creating what NAPO (1992) calls two categories of poor: those who earn a portion of their income (deserving) and those whose income comes from government transfers (undeserving). The government's goal of "taking children off welfare" is harmful and stigmatizing and creates a "fairness gap" between the welfare poor and the working poor (Freiler, 1996).

Woolley and Vermaeten (1996) argue that the CTB was quick to respond to changes in family composition. However, it was very slow in responding to family needs arising from changes in income. In fact, negative changes in income may not have been

²³ \$ 213 for each child under seven and for whom child-care expenses were not claimed.

²⁴ Armitage (1996) says that the GST credit, the child care allowance and the child and married exemptions are the other tax system programs which provide a child or family benefits.

²⁵ The lowest paid worker receives more than anyone on welfare.

acknowledged for up to 18 months because of payment adjustments, made only in June of every year, or because of over-zealous efforts by the provinces to control expenditures (NAPO, 1998).

The Child Tax Benefit and its replacement, the Canada Child Tax Benefit, are seen by some authors as an ineffective tool to fight child poverty because most welfare families (the poorest of all) were provided with no new benefits. Working poor families received only \$500²⁶ the first year, while middle-income to very rich families with children received modest increments in child benefits (NAPO, 1992; Torjman & Battle, 1992).

In terms of the anti-poverty objective, Battle and Mendelson (1997), Freiler, (1996), NAPO, and NCW, contend that the National Child Benefit System is not an effective way of preventing poverty, at least in its developmental stage. Battle and Mendelson (1997) argue that the anti-poverty impact of the NCBS should be measured by its effect on the depth of poverty, and not on its effect on the incidence of poverty. One of the main limitations of the NCBS in its present form is that it would effect change among low-income families with children, but not for those on welfare. However, Battle and Mendelson (1997) trust that over time “a mature child benefit system providing higher maximum benefit should reduce the depth of poverty among all low-income families with children, and may even reduce the poverty rate to some extent” (p.5). This will, of course, require more government funds.

Similarly, Freiler (1996) claims that both the prevention and the reduction of poverty deserve equal importance. To prevent child poverty, those families most

²⁶ An amount that “doesn’t even begin to cover the extra costs associated with two parents earning the minimum wage or near the minimum wage” NAPO 1992, p.108.

vulnerable and those already living in poverty should receive substantial child benefits. That is, families with incomes between \$30,000 and \$40,000 could receive at least 50% of the maximum benefit (considering a maximum of \$3,000), or about 25% of the cost of raising a child.

As it stands, the Canada Child Tax Benefit is considered by Kitchen (1997) an attempt by the federal government to appease concern, through the co-ordination of federal-provincial-territorial child benefits, over the shamefully high rates of child and family poverty. In Kitchen's (1997) view, the federal government residualist approach, reflected in legislation that attributes poverty to personal defect, resulted in a 34% rise in child poverty and a significant increment (40%) in the number of poor children between 1989 and 1994.

NAPO (1997) calculates that with the new Canada Child Tax Benefit (CCTB) a working poor family with one child will lose \$7.60 per week and a family with two children will gain \$0.19 per week. In 1998, a non-working poor family with one child will see an income increase of \$11.63 per week, while a family with two children will receive an extra \$19.42 per week. According to NAPO (1997), the CCTB, however, will not help at all in reducing child poverty.

The National Council of Welfare (1997) states that benefits for families with two children will increase by \$260 by July 1997, but their 1998 increase will be just \$10. The benefits for families with three children will increase by \$590 the first year, followed by \$340 in the second. Families with four children will get \$920 in the first year and \$670 more in the second. Parents with one child will not gain with the new system, but will

instead lose \$145 of the \$250 increase, with a 1998 loss increased to \$395 (Kitchen, 1997).

The National Council of Welfare (1997) indicates that although families with more than one child will receive modest increases, the increases “would have very little impact on child poverty, because the average poor family with children lives some \$8,500 below the poverty line” (NCW, 1997, p.1).

The criticisms of the CTB entail the formulation of alternative child benefit programs. For example, Battle and Muszynski (1995) presenting the Caledon Institute of Social Policy’s (CISP) strategy to fight child poverty indicate that their proposal would combat child poverty and would reform welfare through a more powerful child system. The CISP found the CTB wanting and suggested the need to increase its maximum benefits to \$ 3,000 for the first child, \$ 2,500 for the second child and \$ 2,000 for the third and each additional child in a family from the maximum allowed by the CTB of \$ 1,233 per child under 7 and \$ 1,020 per child 7 to 17.

The CISP’s approach would replace the CTB and provincial welfare payments destined to children with a single all encompassing benefit payable to all low-income families, regardless of their source of income (wages, social assistance, the then Unemployment Insurance, or some combination). They suggested their proposal should be considered as ‘removing children from welfare’ in the sense “that children in families on social assistance no longer would receive benefits from the welfare system but rather from a new child benefit outside the welfare system” (Battle & Muszynski, 1995, p.1).

Another organization, the Canadian Centre for Policy Alternatives (CCPA), when presenting their fourth Alternative Federal Budget (AFB) in 1998, cautioned that the

design of a Child Benefit is crucial because it can be misused as a tool to ensure that poor parents can be left without choice but to be forced to work in low-wage jobs. For the Alternative Federal Budget an appropriate Child Benefit must meet some conditions. For example, one of these conditions is the provision of additional revenues to begin to alleviate child and family poverty. Child and family poverty can not be addressed by simply “redirecting funds” from other vulnerable groups in society. The amount of the benefit should be such as to make a significant impact on raising poor families out of poverty.

The 1998’s Alternative Federal Budget also says that an enhanced Child Benefit needs to be in line with a comprehensive strategy to raise minimum wage rates to eliminate the real work disincentive for families - the lack of good paying jobs. Another condition an enhanced Child Benefit needs to meet in the Alternative Federal Budget’s view is the inclusion in its overall strategy of program areas such as housing, child care, an advanced payment systems, training, post secondary education, and job creation (p. 150). The Alternative Federal Budget also states that the Child Benefit should be the responsibility of the federal government and the benefit could not be deducted from provincial welfare payments (Alternative Federal Budget, 1998, pp. 150 - 151).

6.4 Policy Objectives

In addition to the policy objectives enunciated by the government, numerous authors have offered their views regarding the policy objectives contained in child benefits initiatives. Torjman and Battle (1992) point out that child benefits have evolved over the years to serve various political, social and economic objectives. They identify four main purposes of child benefits: to recognize parents' contribution in raising future citizens, workers and taxpayers; to establish horizontal equity through recognition that parents experience greater economic pressures than people without dependent children but with the same (pre-tax) income; to serve as an anti-poverty tool by supplementing the incomes of lower income families; and to act as economic stimulus by increasing parents' purchasing power capacity. In Freiler's (1996) view, the first two objectives can be considered as more traditional goals. Freiler (1996) however, names the fourth goal as an "investment of additional resources", and further states that all four objectives should be used when assessing the new child benefit. Battle and Mendelson (1997) point out that horizontal equity, anti-poverty, and economic stabilization are three basic objectives that have remained constant throughout the history of child benefit programs, both at federal and provincial levels.

Kitchen (1997) also notes three principles contained in child benefits, and relates them to the impact children have on the material resources of their parents. The first principle is similar to Torjman and Battle's horizontal equity. The second includes recognition that many families can not earn, through market place participation, sufficient income to meet their consumption needs. The third sees children as the future workforce

who, through no fault of their own, become participants of their parents' poor economic conditions.

Some of the federal government's chief objectives for implementing a new system of child benefits in 1993 were to help reduce poverty by decreasing the income gap between poverty lines and the income received by low income families with children (Battle, 1992), and to better target low income families with children (White paper, 1992).

August (1999), a senior policy advisor for income security programs with the Department of Social Services in the province of Saskatchewan, explains the principles and objectives of child benefits programs in the broader context of income security reform:

Child benefit reform will strengthen direct transfers to poor families, but its main focus is on encouraging low-income parents to work. This is a recognition of reality, not a moral judgement. Public benefits notwithstanding, in a market economy work is the principle means of distributing income and the most likely route out of poverty. Current income security programs often penalize people who work. Child benefit reform will not guarantee that there will be sufficient good jobs available for low-income parents, but it can ensure that working is a rational economic choice (August, 1999, pp. 61 - 62)

In addition to the specific policy objectives pursued by child benefit programming, several authors have identified other contributing factors that influence the

level of child poverty. Two of these factors (government transfers and labour market) are reviewed below.

6.5 Government Transfers

Government transfers play a significant role in income security, and in the extent of poverty. Duncan and Hoffman (1986, quoted in Prager, 1988) claim that without the welfare system there would be 50% more poverty in the United States. According to Plotnick (1997), before government transfers for the year 1995, the child poverty rate in the United States was 24.2%. After transfer programs the child poverty rate was reduced by 38% to the level of 14.2%. The reduction in the child poverty rate was achieved through government aid dispensed in the form of cash, food, housing and the tax system. Ross, Scott and Kelly (1996) indicate that among nine industrial countries the three countries which spent the least on family income security programs had the highest levels of child poverty²⁷.

The need for stronger income and income supplement programs is evident when the deterioration over time in family and personal income are considered. Robinson (2000) examines the gains made by Canadian families after the recessions of the 1980s (1984 – 1989) and that of the 1990s (1993 – 1998). The lowest income families made important gains (more than 32%) in after tax- income following the 1981 – 1983 recession. However, lowest income families had the weakest growth in after-tax income following the 1990 – 1992 recession. Comparing lowest income families to other families in Canada, Robinson (2000) concludes that:

In contrast to the recovery of the 1980s, then, the growth in after-tax income is far more uneven, with the rich reaping the biggest

²⁷ U.S.A. spent 9.4% on income security, and had 25.5% of child poverty; Australia spent 7.4% on income security and had 15.4% of child poverty; and Canada spent 11.9% and had 14.4% of child poverty.

gains and the poor barely getting ahead. In fact, (...) for 60% of Canadian families, after-tax incomes when adjusted for inflation were lower in 1998 than in 1989 – truly, a lost decade. Only the richest 40% of families have made any gains thus far over the 1990s (Robinson, 2000, p. 23).

The average “market” income of Canadian families from wages, salaries, self-employment earnings and investments declined to \$50,672 from \$53,937 between 1989 and 1997 (CCPA, June 2000; Jackson et al., 2000). As individuals Canadians did not fare better between 1990 and 1995. The average income for those 15 years and over fell to \$25,196 or 6% in 1995 from \$26,805 in 1990 (Statistics Canada. *Catalogue: 93F0029XDB96002*).

Transfer payments are a particularly important component of poor families incomes. In 1997, before governments transfers, families in the lowest decile received income of just \$1,225. With transfers, their income increased more than 11 times, to \$13,864. Governments transfers had a similar effect on incomes of families in the second (+ \$8,711) and third (+ \$6,063) deciles (Jackson, et al., 2000)

Rashid (1998) examines the extent of, and changes in, family income inequality between 1975 and 1995 in Canada, and notes that the inequality of income distribution would have been significantly greater in each year had it not been for government transfer payments. Rashid (1998) notes: “The Gini coefficient (and, therefore, inequality of income) would have risen by 7 percentage points without government transfer payments, instead of two points” (p. 16).

As per the direct relationship between government transfers and child poverty Campaign 2000 (1995, 1996) notes that in 1993, 628,000 Canadian children (and 631,000 in 1994) in low-income families escaped poverty due to the federal support their families received. Campaign 2000 (*Report Card 1989-1999*) claims that without social expenditures such as the Goods and Services Tax (GST) rebate, the CTB and Employment Insurance (EI) the percentage of child poverty would have been significantly higher between 1989 and 1997.

Table 14

Child Poverty Rate Before and After Public Investment

Year	1989	1993	1994	1995	1996	1997
Before	20.7%	30.3%	28.4%	23.8%	29.1%	27.7%
After	14.4%	21.3%	19.5%	21.0%	21.1%	19.8%

Source: Campaign 2000. Report Card on Child Poverty in Canada 1989-1999

For example (Table 14) indicates that in 1989 the child poverty rate without government transfers would have been 20.7% and not 14.4%. As Table 14 also shows government transfers reduced child poverty by 9% in 1993, and by 7.9% in 1997.

However, since the mid-1990s, families in Canada are receiving less in transfer payments. Governments' cuts to Unemployment Insurance and social assistance have reduced the impact of transfer payments on average family income. In 1993, transfer payments represented 12.9% of average family income and fell to 11.3% in 1997 (Jackson, et al., 2000).

The CSSD (1997) calculates that Canadian families received \$800 million less support in 1996 (\$5.2 billion in 1996 dollars) than in 1984 (\$ 6 billion in 1996 dollars) and that the proportion of families with children eligible for child benefits dropped from 100% to 80%.

Government transfers have a positive effect on the income of all families, but are said to be of particular importance for women and for women led families. Kitchen (1990) indicates that concern with, and interest in, the social position of women in the Canadian economy and society has been prompted mainly because of the economic consequences of family breakdown or single parenthood on women and children. Kitchen (1990) states that more women than ever before must now depend on their own earnings or on public income support programs as the main source of income for themselves and their children. About 60% of women are either living alone, as single parents, or as wives of minimum wage earners. The growing number of female headed families and their dependence on public income support has become a social issue of some significance for those who are concerned about what is happening to "the family" as a social institution and troubled by the rising costs in government expenditure to support the many discarded wives and children (Kitchen, 1990).

Lone-parent families have the highest incidence of poverty (Jackson et al., 2000; Oderkirk, 1992; Oderkirk & Lochhead 1992; Kitchen 1990). The majority of single parent families are headed by women, representing 82% of all lone parents in 1991 (Oderkirk & Lochhead, 1992). Women with children and without male partners are five times more likely to be living in poverty than married couples with children. The experience of many single mothers is of marginal employment at the lowest rate of pay.

In 1996, 170,000 (45%) poor single parent mothers reported welfare payments as their only source of income, while 75,000 (20%) reported income from earnings and welfare payments (NCW, 1998). In the case of lone parent families who are over

represented among families with low incomes²⁸ women were “more than twice as likely as men to have government transfer payments as their major income source (35% compared with 16%)” (Oderkirk & Lochhead, 1992, p. 18). Consequently, as Jackson et al (2000) indicates they have been the hardest hit group by the government decision to cut transfer payments.

Townson (2000) notes that the reality of older women, while not great, it is better than that of younger women because of the important role transfer payments play in providing income security to older women:

For example, 49% of older women on their own were poor in 1997, and their average incomes were \$3,000 below the poverty line. But, while 56% of women heading lone-parent families were poor in the same year, their depth of poverty, at just over \$9,000, was three times greater. (Townson, 2000, p. 2-3)

For Townson (2000), the fact that younger women (lone-parent heads of families) do not generally receive equivalent benefits such as public pension their older counterparts receive explains why the depth of poverty experienced by older women is less than that experienced by younger women.

Hillyard (1998) studies the moral regulation of single mothers in Ontario between 1920-1997, and concludes that currently, social welfare policy entails both the financial and moral regulation of single mothers' lives when on social assistance. The inadequacy

²⁸ In 1990, 10% of all two-parent families had low incomes compared with 56% of lone-parent families (Oderkirk, 1992, p. 11)

of general welfare and that of allowances such as OMA²⁹ is to ensure that social welfare benefits always remain well below the subsistence level.

As for the causes of the poverty many Canadian women experience, several scholars including Lero and Johnson (1994), Harder (1992) and Baker (1994) point out that the labour market is a place in society where systemic inequality between men and women is clearly demonstrated. In these authors' view the labour market is a place where women: are paid less for work of equal value; are a larger number in the secondary labour market and in non-standard work; are the hardest hit group by the economic restructuring; and continue to provide the reserve army of labour.

Similarly, several authors including, Hughes (1995), Ternowetsky (1993), Riches and Ternowetsky (1990), Novick and Shillington (1997) and Battle (1996) point to the workings of the labour market as one of the main reasons for the poverty found among Canadians. The labour market and its relationship to family and child poverty are explored in the pages below.

²⁹ Abolished in 1997

6.6 Labour Market

Hughes (1995) submits that the government, instead of taking action on the underlying causes of poverty (high unemployment, low paying jobs, and inadequate child and family social policies) has instead cut federal support and essentially abandoned families to the mercy of the labour market. Similarly, Ternowetsky (1993) poses that some of the most important factors contributing to the persistence of poverty in Canada are to be found in the restructuring of labour markets that took place in the 1980's.

A comprehensive strategy to deal with child poverty needs action on the conditions which precipitate chronic hardship for children and families. One of these conditions is the polarization of the labour market (Richards, 1997; Riches & Ternowetsky, 1990) and the lack of opportunities for people to secure good jobs (Hoover, 1992; Myles, 1991; Novick & Shillington, 1997). The National Council of Welfare (1998) contends that the best insurance against poverty is a good job. The NCW reports that Statistics Canada figures show that for 201,000 unattached people, specifically for the 20% of all poor unattached people under 65, even 49 to 52 weeks of work per year did not protect them from poverty. Similarly, 81,000 families, or 7 % of all poor families, were poor even when both parents worked a total of 93 weeks or more during 1996 (NCW, 1998). Novick and Shillington (1997) offer a comprehensive view as to the role of the market economy in creating and sustaining poverty:

Apologists for the market driven policies of the past two decades should no longer be allowed to divert public attention away from the failures of the market economy in Canada to look after the

economic requirements of growing numbers of Canadian families. The litany of familiar diversion - taxes, human capital deficiencies, minimum wages, global trade requirements - fail to account for the impacts of predatory shifts in the employment practices of the market sector. Strategies of labour intensification and contingent employment have become dominant practices in the pursuit of profit maximization. While new technologies have impacts on the organization of work, and profit margins must be sufficient to reinvest and reward shareholders, these requirements do not fully account for the new business culture of diminished commitment to the sustained economic well being of family earners. (Novick & Shillington, 1997, p.16)

The prevalent corporate culture alluded to by Novick and Shillington (1997) has a direct impact on workers and their families' well being. The business sector in Canada (e.g., D'Aquino, 1989; Crispo, 1989) in line with the neo-liberal predominant political and economic view of the trickle down approach argue that all society will benefit from growth in productivity that can only be obtained through free trade, and that overly suspicious perceptions of the profit motives of employers are not helpful. There is evidence to suggest that productivity growth per se, will not result in gains for Canadians workers. For example, Schwanen (1993) a proponent of free trade argues that economic growth has occurred in five traditional areas which were considered weak to compete in a global economy. Without disputing Schwanen's economic analysis the point remains, how has the successful economic performance of an industry benefited society?

Considering auto-production, which is one of the industries Schwanen characterized as growing, we have the fact that GM Canada made a record profit of \$1.39 billion in 1995 while eliminating 2,500 jobs. From 1988 to 1994 GM Canada has reduced its workforce by 7,230 (Clarke, 1996). According to Clarke, GM's behaviour is not unique, for at the same time that Corporate Canada is realizing record profits, it is also laying-off workers as never seen before: "According to a study by Statistics Canada, between 1978 and 1992 the largest corporations shed an average of 37,000 jobs each year" (Clarke, 1996, p. 7).

Child poverty levels have been said to reflect the upturns or downturns of the economy (Senate Committee, 1989). Campaign 2000 (1999) shares the view that "The incidence of poverty rises in periods of high unemployment and falls in periods of recovery" (Jackson, Robinson, Baldwing, & Wiggins, 2000, p. 35). However, Ross et al (1996) note that this is no longer the case, and that the number of poor children is not returning to pre-recession levels.

Battle (1996) points out that the precarious labour market is the main cause of poverty in Canada. Though unemployment continues to be underestimated and continues to be a major cause of poverty, the number of working poor is on the increase, with the number of low-income families who worked but were paid wages below the poverty line increasing to 52.7% in 1995, from 48% in 1994. According to Statistics Canada, all the new jobs created in 1995 (90,000) were part-time. Twenty two thousand full-time jobs disappeared while average weekly wages declined from \$578.50 in 1994 to \$573.72 in 1995. And, deterioration of the labour market is taking place at a time of rising GDP (Battle, 1996).

Table 15

Canada Economic Indicators 1990 -1997

	1990	1991	1992	1993	1994	1995	1996	1997
GDP ³⁰ (Millions)	669,467	676,477	690,122	712,855	747,260	776,299	820,323	866,252
GDP Change	2.9 (%)	1.0 (%)	2.0 (%)	3.3 (%)	4.8 (%)	3.9 (%)	5.7 (%)	5.6 (%)
Per Capita GDP	587,529	605,967	621,776	627,885	640,275	665,463	680,412	701,049
Personal Income	587,529	605,967	621,776	627,885	640,275	665,463	680,412	701,049
Personal Disposable Income	451,976	465,943	478,158	482,968	490,364	510,830	518,167	529,082
Per Capita PDY (\$)	16,316	16,622	16,850	16,826	16,888	17,402	17,463	17,630

Source: Saskatchewan Bureau of Statistics June, 1999

During the years studied in this dissertation, the GDP rose steadily. Table 15 shows that in 1990, GDP grew 2.9%. In 1993, it grew 3.3% and in 1997 the GDP grew 5.6%.

However, the poverty levels outlined in this dissertation show that the economic growth of the last several years was simply not filtering down to the ranks of the poor (NCW, 1997, pp. 9 - 10).

Income distribution is the most important determinant of health and well being (Canadian Public Health Association, 1997). According to Jackson, Robinson, Baldwin and Wiggins (2000) income is probably the single most important measure of living standards over time. Economic growth has meant different things for the average family over time: increased incomes until the mid-1970s, stagnating incomes for most of the 1980s, and declining incomes over the 1990s. This has occurred despite the growth in two-earner households. From the early 1950s to the 1970s a growing GDP virtually always meant growth in family incomes. Between 1951 and 1976 the average family income more than doubled, from \$23,000 to over \$54,000 (measured in 1996 dollars)

³⁰ "GDP measures the unduplicated value of production originating within the boundaries of Canada, whether the factors of production are owned by Canadians or non residents". (Statistics Canada, Catalogue 13-603E, No. 1., p.35)

(Yalnizian, 1998). However, by the mid-1970s the purchasing power of Canadians began to diminish. Disposable family incomes indicate that since the 1970s, fewer people have enjoyed the fruits of economic growth. Poverty has increased steadily, while wealth has become concentrated in fewer and fewer hands. For example, in 1990 the percentage of Canadians living in poverty was 15.2%, 16.5% in 1991, and 17.9% in 1993 (Statistics Canada 13-569)

As noted, several authors indicate that the labour market is a place where systemic inequality between men and women is clearly demonstrated. Canada's Federal-Provincial/Territorial Ministers responsible for the Status of Women commissioned a report to measure gender equality. The report, released in 1997, found that the average total income for all Canadian women aged 15 or over was roughly \$16,600 in 1995. The corresponding figure for men was \$29,600. Expressing this difference as indexes using ratios of women to men (1 represents equality), in 1995, the total income index was at 0.56 meaning that overall, women in Canada received 56% or just over half as much income as men. The authors reported that the gender gap, the amount remaining between 0.56 and 1.0 was 0.44.

More women than men work for minimum wage. Statistics Canada (Summer, 1998) reports that in the first quarter of 1998 more than half (59% or 324,400) of minimum wage earners were women. More than two thirds (68%) of 25-54 year old workers earning minimum wage were women.

Drolet and Morissette (1998), examining the upward mobility of low paid Canadians from 1993 to 1995 found that about 21% of low paid workers moved up during that period of time through different means; changing jobs, working longer hours

or receiving wage increase. They also found that men were more likely than women to leave a low paying job, and that it was especially hard for female lone parents to move to better paying jobs. Drolet and Morissette (1998) note that family composition plays a crucial role in keeping women workers in low paying jobs:

Of all working women, lone mothers are the least likely to escape low weekly earnings in 1995: only 8% of working lone mothers are able to move out of low weekly earnings compared to 10% of women who are married/common law and 17% of unmarried women with no dependent children. This suggests that working lone mothers may face more constraints in their decision to work more hours or to change employers than other women. Since they are solely responsible for childcare, working lone mothers may choose jobs that allows a balance between family obligations and work duties (p. 7).

Baker (1994), writing about inconsistencies in Canadian social policies, points out that despite the fact the labour force is incorporating women with dependent children at an increasing pace³¹ support services such as child care are not readily available to working parents. Drolet and Morissette (1998) note that the availability and cost of childcare may also limit lone female mothers' participation in the labour market because to work overtime entail additional daycare costs and difficulty in arranging for extra childcare time.

³¹ Pulkingham and Ternowetsky (1996) indicate that part-time jobs in the service sector have increased the fastest, since the 1980's. "Women also accounted for more than 80 per cent of all employment growth between 1975 and 1989, trend that continued into the 1990's" (p.5). The increased demand for more child-care spaces is one of several implications for policy resulting from the demographic change in the gender composition of the workforce.

According to Kitchen (1990), the lack of adequate public income support programs condemns women to live in poverty "if they cannot find a job, cannot hold one because they fail to secure subsidized daycare, or cannot afford childcare costs" (Kitchen, 1990, p. 154). This results in women being the largest group of the working class which is known as the working poor, and represent the largest group among the welfare poor (Kitchen, 1990).

In direct reference to the government stated objective of moving people off welfare and into the labour market, Novick and Shillington (1997) predict that the supplementary child tax benefit for poor families will not constitute an "incentive" for employment. It will provide an economic reward to poor parents working in low paying jobs, but it will be insufficient to address child poverty if wages remain at a low level. Even if poor parents secure through employment between \$ 18,000 and \$20,000 a year, poverty will persist with an enriched child tax benefit. Novick and Shillington (1997) point out that to earn \$ 18,000 a year, a person would have to make \$ 10 per hour during a 35-hour week. They notice that during the January-October 1997 period, 25% of all jobs in Canada paid less than \$ 10 an hour, and that more than 36% of single mothers in the labour force were paid less than \$ 10 per hour. Poor working parents may move from social assistance poverty to labour market poverty if a basic wage floor is not created. A basic wage floor would prevent a repetition of what has happened in the United States, a country with the lowest unemployment rate of all major industrialized countries while at the same time the highest level of child and family poverty.

Ternowetsky (1993) adds that the manner of assessing a new child benefit system should be by evaluating how well child benefits address the structural changes taking place in the labour markets:

Three generalizations reflecting these labour market changes pointed out that unemployment, the growth of low wage jobs, and the rising number of poorly paid workers are major trends that will continue to create and sustain poverty in Canada. To what extent does the new child benefit system address the circumstances these structural changes in employment pose for families with children? The response to this question will focus on two elements of the proposed package of Child Benefits. Two questions will be posed: does this restructured system of benefits address the major trends in labour markets; and does this re-vamped system of Child Benefit target benefits to those in greatest need, in contrast to the current system? (Ternowetsky, 1993. p. 12)

Considering the issues related to child poverty enunciated in the previous sections, this dissertation will examine if there is empirical evidence to suggest that the CTB has been a positive contributor to eliminate child poverty. This would be done by examining both the level and depth of child poverty in Canada before the introduction of the CTB (1990) when it was implemented (1993), and four years after (1997).

7 Methodology

7.1 The Research Questions

This section of the study presents the research hypotheses that will be examined in this report. Following the research hypotheses, the research design, the sampling procedures from which the original data was collected and the method of analysis applied to that data will be outlined.

The failure of the theorists to reach an agreement as to the impact of the programming suggests possible research hypotheses on this important topic. Possible directions could be to explore whether the debate over child programming could be classified according to ideology, or if the programming is directed by particular government ideology. For the purpose of this dissertation, it is the empirical area of the debate within the literature that will be the central foci. The general research question that will be central to this dissertation is:

- 1). "Did the Child Tax Benefit, the targeted children's poverty program introduced by the government in 1993, reduce or increase the level and depth of child poverty, in Canada?"

Hypothesis: The CTB introduced in 1993 did not reduce the level or depth of child poverty in Canada.

In addition to the general research question, the formulation of specific questions and hypotheses will facilitate the examination of this topic.

1. Using the LICOs to assess level of poverty, did the depth of child poverty increase or decrease, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The depth of child poverty was not reduced following the introduction of the Child Tax Benefit, in 1993.

2. Using the LICOs and LIMs to assess level of poverty, did the level of child poverty increase or decrease, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty was not reduced following the introduction of the Child Tax Benefit, in 1993.

3. Using the LICOs and LIMs to assess level of poverty, did the level of child poverty increase or decrease, according to labour force status of family heads, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty was not reduced after the introduction of the Child Tax Benefit, according to labour force status of family heads.

4. Using the LICOs and LIMs to assess level of poverty, did the level of child poverty increase or decrease according to the sex of the head of the family unit, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty was not reduced following the introduction of the Child Tax Benefit, according to the sex of the family head.

5. Using the LICOs and LIMs to assess level of poverty, did the level of child poverty in female headed families increase or decrease, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty in female headed families was not reduced following the introduction of the Child Tax Benefit.

6. Using the LICOs and LIMs to assess level of poverty, did the level of child poverty increase or decrease according to family size, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty according to family size was not reduced, following the introduction of the Child Tax Benefit.

To place the research question in a testable format, the variables important to the objectives of this proposal can be organized into a research model. Specifically, the level/extent and depth/intensity of child poverty would be the dependent variables. The independent variable would be the child poverty policy corresponding to the time period analyzed. In line with the research literature, child poverty policy can be characterized as universal or targeted. Whether the child poverty levels present change brought about by the independent variable will be assessed by observing the level of child poverty over time as measured by Statistics Canada poverty indicators, the Low-Income Cut-offs (LICOs) and the Low Income Measures (LIMs).

Comparisons can be made to examine the levels before and after significant changes have been enacted to child poverty programming in Canada.

The independent variable (child poverty policy) and dependent variable (level of child poverty) are conceptually and operationally defined as follows:

Independent

Type of Child Poverty Policy:

In the period covered by this study two types (or approaches) to child poverty have been implemented in Canada, targeted and universal. Targeted programs are those which provide benefits only to children in families defined as in greatest need (Guest,

1985). In this study, the Canada Child Tax Benefit will be considered a targeted program.

Universal programs provide benefits to children without giving consideration to the economic standing of their families (Guest, 1985). In this study, the Family Allowances Plan will be considered universal, even though by 1990 it was a taxable benefit.

Dependent

Level of child poverty: The percentage of families with children falling below the poverty line, as defined by the Statistics Canada Low Income Cut-Offs and the Low Income Measures.

Depth of child poverty: The extent to which families fall below the poverty line, as defined by the Statistics Canada Low Income Cut-Offs.

7.2 Design of the Research

This dissertation utilizes a non-experimental, longitudinal survey research design using secondary data analysis. This research design allows for the empirical review of longitudinal data to examine what observable effects targeted child poverty policy has had on level and intensity of child poverty in Canada. Survey data collected from Statistics Canada were selected to ensure a large sample able to examine the research hypothesis.

The databases used in this study contain results from the Survey of Consumer Finances (SCF) for the years 1990, 1993, and 1997. The SCF produced by Statistics Canada, has been the source of Statistics Canada's annual income estimates, including statistics on low income (Statistics Canada-Catalogue 13-551). This dissertation will examine the SCF's data to investigate whether child poverty levels and depth have been reduced since the 1989 Canadian Parliament unanimous resolution to eliminate child poverty by the year 2000.

The national character of the SCF allows the extrapolation of the results of the data analysis beyond the sampled populations with the exception of the specific populations excluded from the survey and noted in the coming Sampling Procedures section.

This empirical research examines the extent and depth of child poverty, and not other important areas such as the physical, emotional and life-cycle impacts of child poverty. Additionally the survey research considers income, whereas the concept of wealth is not examined by the income measures.

7.3 Sampling Procedures.

Statistics Canada produces a yearly Survey of Consumer Finance (SCF) which will be the data source in this dissertation. The SCF is conducted every year in April as a supplement to the Labour Force Survey (LFS). Since 1988 the SCF consists of a random sample of 45,000 Canadian households who are interviewed via telephone with a response rate of 80% (Statistics Canada, 1992). Excluded from the SCF are northern residents, First Nations Peoples on reserves, and the prison population. Family income is measured by including the pre-deduction wages and salaries, net income from self-employment, government transfer payments, investment income, pension and alimony incomes (Burman, 1996). Excluded from the survey are incomes from capital gains, loans and income in kind (Ross et al, 1994).

The SCF surveys (through telephone interviews) all persons over 15 year of age and collects data annually on families and individuals on the distribution and sources of income (earnings, investment income and government transfers), before and after taxes. According to Statistics Canada (1992), some of the advantages of using the SCF are that it provides: time series data on sources of income of Canadian individuals, families and households; data linked with the full range of Labour Force Survey (LFS) data; annual low income rates; and income distributions on before-tax and after-tax bases. The SCF provides the data base from which Statistics Canada derives the poverty measures utilized in this study-LICO and LIM.

7.4 Data Collection

This research will analyze secondary data. The principal source of data is Statistics Canada, the government agency in charge of collecting information in a large number of issues in Canada. Of particular importance for this research are Statistics Canada low income rates, based on two measures, the Low Income Cutoff (LICO) and the Low Income Measure (LIM). The LICOs in particular are considered (despite Statistics Canada protestations that they do not constitute poverty lines) the best indicators of poverty (Ross et al., 1994). LICOs are used in conjunction with the Survey of Consumer Finances, Statistics Canada household income survey, to monitor trends in low income population (Webber, 1998).

Access to the SCF electronic data has been obtained through the Data Liberation Initiative between the University of Regina and Statistics Canada. In addition, SCF data is also made available through several Statistics Canada regular (annual) publications. They include: Income Distribution by Size in Canada (Cat. 13-207); Income Census Families (Cat. 13-208); Income After Tax, Distribution by Size in Canada (Cat. 13-210); and Household Facilities by Income and Other Characteristics (Cat. 13-218). SCF's data is also available in analytic reports such as: Changes in the Distribution of Wealth in Canada, 1970-1984 (Cat. 13-588, No. 1); Low Income Persons, 1980 to 1996 (Cat. 13-569-XPB). Neuman (1995) notes that secondary data or existing statistics do not become trouble free just because a government agency or other source collected the original data, and lists a number of problems that can potentially arise from using secondary data. However, the design of this research significantly reduces the potential for validity and reliability problems.

7.5 Limitations of the data

The data used in this study are from a survey research produced by Statistics Canada. As noted, the Survey of Consumer Finances (SCF) data is collected entirely by questionnaire (Statistics Canada, 1996). Due to the nature of the survey there are certain limitations to the data. According to Statistics Canada (1998) the SCF excludes residents of the Yukon and Northwest Territories, persons living on Indian Reserves, full time members of the Armed Forces and inmates of institutions. The survey excludes approximately 2% of the population aged 15 or over. A further source of error in the data could be the respondents' responses, that is their answers may not be accurate, particularly with respect to income levels reported.

Errors could also come from incorrect coding of responses, the data entry of the responses or the production of the data in electronic form. Additionally, the research is limited to the questions contained in the survey therefore not allowing further exploration of topic of interest, such as length of poverty and impact of poverty from the respondents.

Several different aspects of this research ensure the prevalence of validity and reliability. With respect to reliability, the units of analysis and the categories of variable attributes as defined and operationalized by Statistics Canada over time are adopted in this research in their exact form because they meet the needs of this study, which is basically an examination of child poverty levels at different time periods. The use of measures previously conceptualized and operationalized by reputable organizations enhances reliability (Babbie, 1979; Grinnell, 2001). The use of previously established methods entails proven "replicatory outcomes" (Babbie, 1979).

With respect to validity, the operational definitions reflect the “real meaning” of the concepts under consideration. In this regard, face, content, and construct validity are upheld (Babbie, 1979; Williams, Unrau and Grinnell Williams et al., 1998).

According to Williams et al., (1998) one inherent limitation in a quantitative study might relate to the validity and reliability of the measuring instruments. This study utilizes LICO, the most widely used indicator of poverty in Canada (Ross et al., 1994). The validity of LICO as an instrument depends on whether one accepts the assumptions that underlie the decision of what the poverty line is. In the case of LICO, for example, validity would rest on whether one accepts that a family is poor if it spends 54.7% of its income in food, shelter and clothing. As indicated in previous sections there is a big ideological debate surrounding poverty measures. Ultimately, it seems that one’s willingness to accept a given instrument would depend on one’s values.

7.6 Analysis

Methods of analysis will include Path Analysis or Structural Equation Modeling¹², and a panel analysis design utilizing cross-tab tables. The longitudinal nature of the data used in this dissertation requires a research model that will permit the examination of relationships of control (or modifying) variables, which are not independent of each other and which may differ over time. The analysis of time series data in this dissertation attempts to discover systematic patterns in the series so a mathematical model can be built to explain the past behavior of the series and, which might help explain large fluctuations in the data. Another reason for analysing time series data in this dissertation is to evaluate the effect of some event that intervenes and changes the normal behavior of a series. Intervention analysis examines the pattern of a series before and after the occurrence of such an event. The goal is to observe if the outside event had a significant impact on the series pattern. If it did, is there a significant upward or downward shift in the values of the series after the occurrence of the event" (SPSS, p. 2-3).

This study will observe if the outside event (the CTB) had any significant effect on the level of child poverty. The longitudinal nature of the research design and the data in this study presented an interesting question. Almost invariably when studies present child poverty levels, the rates from one year are examined in a crosstab table to examine the data for differences among the other years. There may be a problem with this procedure however, the problem of serial correlations among the data for each observational year. Obviously there is some relationship between the child poverty levels

¹² Also known as causal analysis, or path modeling (Keith, 1988). Loehlin (1998) notes that the term *latent variable analysis* encompasses "such specific methods as factor analysis, path analysis, and structural equation modeling" (p. 1).

for one year when compared to the next year. What has not been examined is if the serial correlations have a significant impact on interpreting the findings.

Many inferential tests are cross sectional in nature, with one of the major assumptions being independence of the observations. Time-series data presents a problem because in longitudinal analysis the previous observations are related to observations that come later in time. Most time-series methods that attempt to identify patterns for long time periods require N greater than 50 observations (Warner, 1998, pp. 2-3). However fifty years of yearly child poverty levels in Canada are not available, therefore the data needs to be analysed using a different procedure than time series analysis. I was still interested in examining if there were significant correlational effects among the three years of data used in this study, and fortunately Structural Equation Models (SEM) are being developed that can help with examining this type of data. Additionally, the data do not allow an analysis using more conventional techniques to examine differences such as student t test and ANOVA. The data covers three years, 1990, 1993 and 1997, and this is where the problem arises when using more common tests of difference. For example, when comparing wages and salaries between 1993 through 1997 there is not one consistent variable that can be used as a factor. Each year has its own LICO, and this variable is relevant only to the year that it applies. χ^2 is not used to examine the count data for independence among the variables during 1990 through 1997 as it is sensitive to sample size. This study has sample sizes in the millions, therefore the χ^2 will always produce a statistically significant result. This issue is further explored in the SEM portion of the dissertation.

For these reasons, before proceeding with the analysis an examination of the data was performed using SEM. The SEM used in this study is similar to the path model developed by Judd and Milburn (1980) to examine attitudinal change over a period of three years (Loehlin, 1998).

Therefore the first analysis of the data was to examine, using Structural Equation Modeling, if a serial correlation in the data existed. Secondly if a serial correlation existed, what might be some of the possible implications of that finding in determining the efficacy of looking at the poverty data to respond to the questions posed in this study.

Path analysis is an observational method of studying existing variability among variables. It uses multiple regression analysis in a very structured and explicit manner. Unlike many forms of multiple regression, path analysis requires an explicit assumption of independent (presumed cause) and dependent (presumed effect) variables (Keith, 1988). Knoke and Bohrnstedt (1994) note that path analysis as a technique allows the representation of causal relations among quantitative variables. Causation is typically asymmetrical in that a change in the cause creates a change in the effect whereas the reverse is obviously not true. Path analysis represents the shift experienced in social research, which emphasizes multicausal theories or models instead of the monocausal approaches to social research. It is an important statistical method in that it permits a researcher to cast hypotheses into explicit multicausal frameworks (Knoke & Bohrnstedt, 1994).

Wright (1997) notes that more complex path models (i.e., SEM) can be designed using the same logic to examine the influence of parts of the framework in a

hypothesized model. Another advance in these models is allowing an examination of latent variables:

The variables we measure are called observed or manifest variables. We often hypothesize that these stand for unobserved or latent variables. Usually we measure lots of different manifest variables in order to estimate a latent variable (Wright, 1997, p. 189).

Keith (1988) and Kenny (1979) caution that in order to avoid the primary danger regarding the inference of causality from a path model, the research must meet the logical requirements for *inferring* (not proving) causality. These three logical conditions are very similar to the notions of covariation. Important in the analysis is covariation between the independent and dependent variables which imply that systematic changes or differences in one variable must accompany systematic changes or differences in the other (Knoke & Bohrnstedt 1994). Keith (1988) notes:

The primary purpose of path analysis is to separate correlations among variables into causal and noncausal components, an idea which may sound like heresy or magic to many who remember the old admonition that correlation does not imply causality (p. 347).

This study will focus on the relationship between level and depth of child poverty and the CTB implemented in 1993.

The time order condition of causality implies that “the changes in the purported independent variable must precede in time the change in the alleged dependent measure” (Knoke & Bohrnstedt, 1994, p. 409). Keith (1988) notes that “causality does not happen

backwards in time” (p. 348). The annual source of data from the SCF allows investigation of the effect of policy change in child poverty level in three time periods covering years before and years after the CTB program was passed by the House of Commons reflecting its intention of eliminating child poverty by the year 2000.

Also important is that the relation between the variables revealed by a correlation between variables must be a true nonspurious relation. Knoke and Bohmstedt (1994) and Keith (1988) note that this is the most difficult requirement to satisfy. It is impossible to examine every possible alternative explanation for why two variables are related. Establishing nonspuriousness implies that, “all *common causes* of the presumed cause and presumed effect must be included in the model. In other words, all variables which meaningfully affect both the cause and the effect of the primary interest must be included in the model” (Keith, 1988, p. 351 italics in original).

The maximum likelihood estimation method will be used when performing this data analysis, which Hoyle and Panter (1995) view as the most known estimator. They also write that it is the recommended measure to report results. In addition to the absolute fit index of χ^2 , the models will be assessed using the indexes of model fit suggested by Hoyle and Panter (1995). Thus, the indexes that will be reported are: the goodness-of-fit index (GFI), the incremental fit index (IFI), and the comparative fit index (CFI). According to Joreskog (1993) the root mean square error of approximation (RMSEA) with a 90% confidence interval allows a good examination of the degree of population discrepancy and will be reported with the results.

The data set will be analysed using the statistical software SPSS 10 for Windows, and AMOS 3.51 (Analysis of Moment Structures). AMOS 3.51 is a computer software

which was specifically designed for CFA and SEM analysis. Coon (1997) uses these techniques in his research about the causes of unemployment and poverty and notes that these are advances in statistical techniques that were not available to researchers until recently.

The CFA and SEM approaches to data analysis available with the AMOS 3.51 statistical program allows researchers new techniques with which to analyse the models with the data. Therefore, these approaches might supplement the work that has already been conducted in this area (Coon, 1997, p. 177).

In addition to the independent variable (type of child poverty policy) and to the dependent variables (level and depth of child poverty) the research model utilized by this study will include “important common causes” or other important variables that influence child poverty such as income; family size; labour force status of family heads, and sex of family heads.

The causal relationship between these variables can be portrayed in a path model³³, which for the purpose of this study was designed to examine income indicators for child poverty at three time periods 1990, 1993, and 1997.

Figure 2 (below) presents the hypothesized model of measuring child poverty levels. The circles are the latent, or unobserved source variables. There is no indication in the literature that the child poverty data has been analyzed for autocorrelational problems with the data. It is not known if these sources of income when combined are appropriate when dealing with child poverty, or whether each measure should be

³³ As indicated, this model is similar to the one used by Judd and Milburn (1980) and presented in Loehlin (1998).

examined separately. The boxes are the observed variables or indicators, and the numbers correspond to the numbers assigned to the indicators by this research.

Figure 2

Causal Diagram

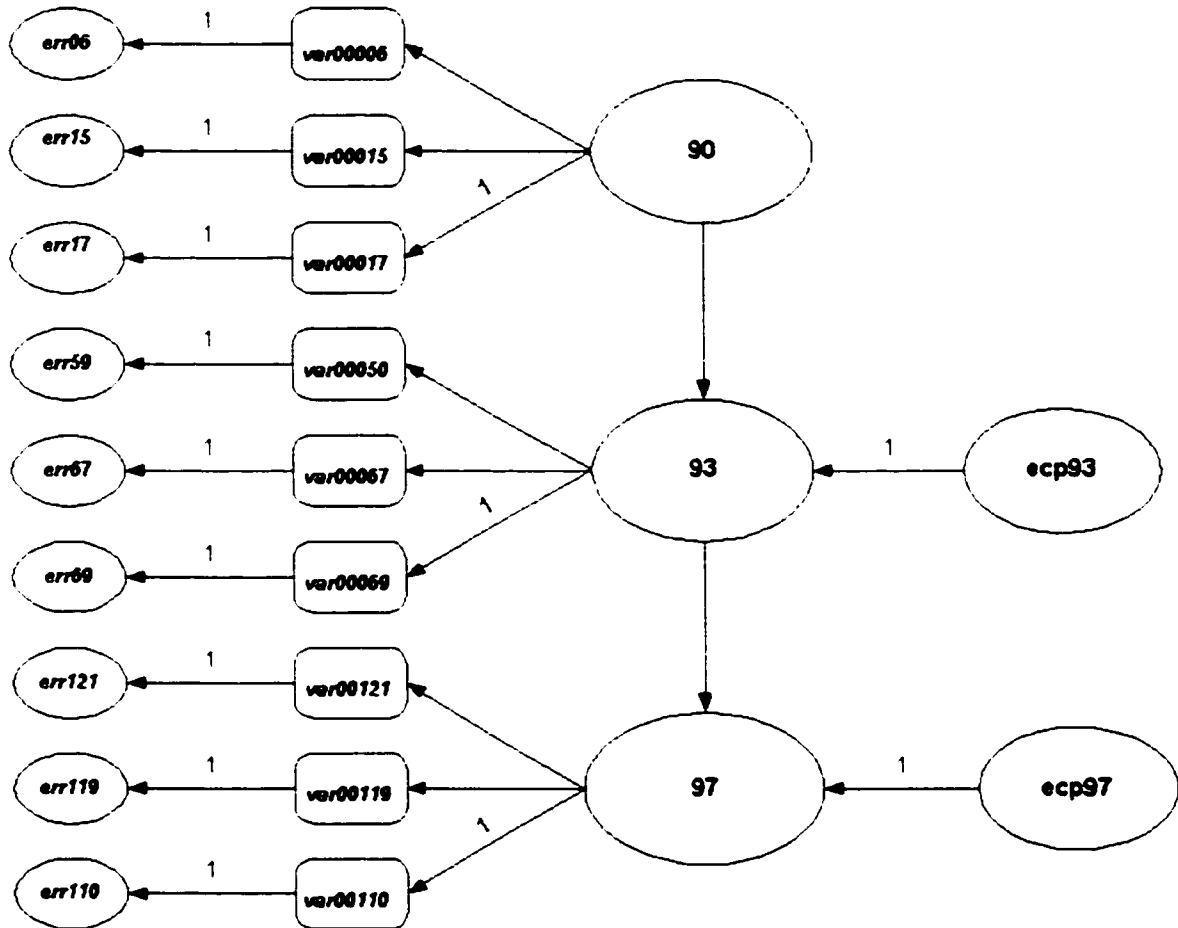


Table 16 (below) lists the variable number and what the variable represents so that the reader can know what variable a number represents in the diagram.

Table 16

Variables Notations

Var00006 = Wages and salaries 1990
 Var00015 = Total income 1990
 Var00017 = Income after tax 1990
 Var00059 = Wages and salaries 1993
 Var00067 = Total income 1993
 Var00069 = Income after tax 1993
 Var00110 = Wages and salaries 1997
 Var00119 = Total income 1997
 Var00121 = Income after tax 1997

The measured variables serve as approximate measures, or indicators, of the latent variables. Coon (1997) notes that the observed variables in a diagram are considered to be causally dependent on the latent variables. All observed variables also have residuals, which is a unique variable attached to them. The absence of a unique variable can be interpreted that all of the variance is accounted for by the variance which is highly unlikely because “the variables contain measurement errors, as well as the influence of other variables not included within the model” (Coon, 1997, p. 260).

8. Results

8.1 SEM Results

The analysis of the data begins with a review of the Structural Equation Model (SEM) developed to examine family income for child poverty measurement. Hoyle (1995) and Wright (1997) note that a structural model denotes the relationship among the latent variables and the measured variables. In this model the latent variable would be the construct child poverty level measurement and would contain three frequently used family and child poverty indicators as observed variables: 1) wages; 2) total income; and 3) income after tax. To present and describe the results of the SEM to examine family income for child poverty measurement the format recommended by Hoyle and Panter (1995) and used by Coon (1997) will be utilized.

The SEM to examine family incomes for child poverty measurement is recursive, meaning that there is no variable in the model that has an indirect effect on itself (see Figure 1). The number of variables in the model is 23, with 9 observed variables and 14 unobserved variables. The model contains 12 exogenous variables and 11 endogenous variables. An exogenous variable is considered to be determined outside of the model (Bollen, 1989), and does not receive a directional influence from any other variable in the system (MacCallum, 1995). An endogenous variable is one determined within the model (Bollen, 1989), and is considered to be affected by another variable in the model (MacCallum, 1995).

The calculation of the degrees of freedom of the SEM to examine family incomes for child poverty revealed that there were 45 distinct sample moments, or variances and covariances, and 20 distinct parameters, or population variances and covariances to be

estimated. This resulted in 25 degrees of freedom for the model thus specified. In this model, the income after tax variables for each year was fixed to unity so that there was enough information for the model to be identified. As it is common with many SEM models, there is not enough information (data) to calculate all the parameters. The model needs to be given further information to calculate the values. Therefore, the after- tax variable was fixed to unity. That is, they were each assigned a value of 1 so that the model had enough information to calculate the parameters.

The overall fit information of the SEM results of the family incomes for child poverty measurement was $\chi^2 (25, N = 11976) = 47.19, p = .005$, GFI = .999, IFI = 1.0, CFI = 1.0, RMSEA = .009 (.005, .012) PCLOSE $p = 1.0$. An examination of these findings indicated that the model was consistent with the data, therefore, it was concluded that the family incomes for child poverty measurement model with $N = 11976$ sample fit the data.

Upon initial examination of the χ^2 statistic, the indication was that the family incomes for child poverty measurement model did not fit the SCF survey data, however interpretation of the χ^2 statistic is treated with some caution in SEM model fit analysis. Hair, Anderson, Tatham, and Black (1995) note that a large chi-square relative to the degrees of freedom is an indication that the observed and estimated matrices differ considerably.

Nevertheless, χ^2 has certain limitations as a descriptive index of model fit (Loehlin, 1998, p. 68; Hair et al., 1995; Hu & Bentler, 1995; Kline, 1994). A common and important criticism of the χ^2 measure is that it is very sensitive to sample size

(Loehlin, 1998, p. 68; Hair et al., 1995; Hu & Bentler, 1995; Kline, 1994). For example, Hair et al (1995) describe χ^2 measure's sensitivity to sample differences:

... especially in cases where the sample size exceeds 200 respondents. As sample size increases, this measure has a greater tendency to indicate significant differences for equivalent models. If the sample size becomes large enough, significant differences will be found for any specified model. Moreover, as the sample size nears 100 or goes even lower, the Chi-square test will show acceptable fit (nonsignificant differences in the predicted and observed input matrices) even when *none* of the model relationships are shown to be statistically significant (Hair et al., 1995 p. 684. Italics in original).

Gerbin and Anderson (1993) posit that one of the problems with χ^2 relates to the fact that the χ^2 test of statistical significance does not give information regarding the degree of fit. In addition to these concerns regarding the χ^2 test Kline (1994) states that the fact that one model fits the data does not necessarily mean that another model would not also fit, and suggests that it is important to test other models.

To deal with the problems related with the limitation of the χ^2 statistic, Loehlin, (1998). Hair et al.. (1995), and Hoyle and Panter (1995) recommend to complement the χ^2 measure with additional fit indexes to examine SEM models.

The Goodness-of-Fit (GFI), a widely used index (Gerbin & Anderson, 1993), is a measure of absolute fit, which directly assesses how well an a priori model reproduces the sample data (Hu & Bentler, 1995, p. 82). Hoyle and Panter (1995) report that

although the GFI is moderately associated with sample size, it is analogous to the r^2 goodness-of-fit value of multiple regression models. GFI has been defined as a measure of the relative amount of variances and covariances in S (sample covariance matrix) that are accounted for, or predicted by the implied model E when the two values equal the value of the ratio of 1. Hoyle and Panter (1995) recommend .90 as the agreed cutoff point for overall fit indexes (p. 164), however this value is based on ‘rule of thumb’ which indicate that these methods are not statistically rigorous (Kline, 1994, p.160). Bollen and Long (1993) comment that in multiple regression models, the fit of an equation is not based upon a r^2 value of .90 or higher, and that the fit index controversy in SEM is part of the larger debate on how to measure the fit of statistical models (p. 7). This study will adopt the rule - of - thumb of .90 or higher as the cutoff value for overall fit indexes. The GFI = .999 result of the family incomes for child poverty measurement did fit the data.

The incremental fit index (IFI) compares the fit of the target model to a baseline model such as the independence model, with values close to 1 indicating a good fit and a cut-off point of .90 or higher (Arbuckle, 1995, p. 528; Hoyle and Panter, 1995, p. 166-168). The independence model is a model where all of the observed variables are assumed to be uncorrelated with each other, which is a highly unlikely situation (Arbuckle, 1995, p. 517). An IFI = 1 result with a cutoff value of .90 did support the family incomes for child poverty measurement model very well with this data.

The comparative fit index is another index that compares the fit of the target model to a baseline model, with values falling within the range of 0 to 1 with values of 1 indicating a good fit and a cut-off point of .90 or higher (Arbuckle, 1995, p. 530; Hoyle

& Panter, 1995, pp. 167-168). This measure “Indexes the relative reduction in lack of fit as estimated by the noncentral χ^2 of a target model versus a baseline model” (Hoyle & Panter, 1995, p. 167). This index can be considered a population badness-of-fit index (Hu & Bentler, 1995, p. 80). The CFI = 1.0 result with a cutoff value of .90 did support the family incomes for child poverty measurement model with this data.

RMSEA is a measure based upon the population discrepancy. Joreskog (1993) explains the rationale for the index:

The use of chi-square as a central statistic is based upon the assumption that the model holds exactly in the population. As already pointed out, this may be an unreasonable assumption in most empirical research. A consequence of this assumption is that models that hold approximately in the population will be rejected in large samples. (p. 309)

Browne and Cudeck (1993) suggest the following rule of thumb for this measure:

Practical experience has made us feel that a value of the RMSEA of about .05 or less would indicate a close fit of the model in relation to the degrees of freedom. This figure is based upon subjective judgment. It cannot be regarded as infallible or correct, but it is more reasonable than the requirement of exact fit with the RMSEA = 0.0. We are also of the opinion that a value of about 0.08 or less for the RMSEA would indicate a reasonable error of

approximation and would not want to employ a model with a RMSEA greater than 0.1. (p. 144)

The RMSEA measure accounts for model complexity, therefore this measure will not favour models with many parameters (Arbuckle, 1995, p. 523). MacCallum (1995) strongly urges the use of this measure, which he informs is basically a measure of lack of model data fit per degree of freedom. The RMSEA = .009 with a 90% confidence interval (.005, .012) result of the family incomes for child poverty measurement model falls within a reasonable error of approximation for this model and data. Associated with the RMSEA measure are two null hypotheses tests, (1) P which is based upon the null hypothesis $H_0: \text{RMSEA} = 0$, and (2) PCLOSE which is based upon the null hypothesis that $H_0: \text{RMSEA} \leq .05$. The reason two measures are suggested is that the P discrepancy measure is based upon the hypothesis that the model fits the population perfectly while the PCLOSE discrepancy measure is based upon the hypothesis that the population RMSEA is no greater than .05, or that there is a close fit between the model and the population (Arbuckle, 1995). The P and the PCLOSE results are both $p > .001$ in this analysis, therefore on the basis of the RMSEA measure of population discrepancy the fit between the family incomes for child poverty measurement model and the data is supported. Based upon the aggregate findings of these indices, it is concluded that the family incomes for child poverty measurement model with the 11,976 sample did fit the data.

The information in Table 17 (below) shows the details about the parameter results of the family incomes for child poverty measurement model. According to Arbuckle (1995) the regression weights are hard to interpret because they would change if different

identification constraints had been used in the model. Standardized regression weights are not affected by the identification constraints in the model allowing the reader to interpret the relative importance of the variables in the model with its factors, and it is important to note that the relative importance of any two variables is dependent upon which other variables have been included in the model (Coon, 1997, p. 276).

Squared multiple correlations give an indication regarding the amount of variance in a variable that is explained by the model (Arbuckle, 1995). As Coon (1997) notes they can be calculated by squaring the standardized regression weights (p. 277). A squared multiple correlation for each endogenous variable in the model is given by AMOS 3.51.

The results indicated that the latent variables accounted for high amounts of variance in the observed variables. The model can account for most of the variance when used with the selected income measures.

Table 17 (below) provides values for S.E. (standard error of the covariance) and C.R. (critical ratio).

An analysis of Table 17 denotes that with the exception of one value, all of the estimated values were statistically significant at the .05 level. It should be pointed out however, that these values are only approximations as they are based upon asymptotic sample theory whereas, for example, the *t* test is exact under the assumption of normality and independence of observations regardless of sample size (Arbuckle, 1995, p. 303).

Table 17
Maximum Likelihood Estimates of Child Poverty Indicators
Measurement Model N= 11,976

Regression Weights:		Estimate	S.E.	C.R.
Label				
93	90	0.015	0.004	3.640
97	93	0.027	0.029	0.912
Var00015	90	1.463	0.003	546.799
Var00059	93	3.632	0.051	70.813
Var00067	93	-0.240	0.005	-52.355
Var00110	97	0.913	0.008	116.331
Var00119	97	1.508	0.003	473.738
Var00006	90	1.191	0.007	161.624
Var00017	90	1.000		
Var00069	93	1.000		
Var00121	97	1.000		
Standardized Regression Weights:		Estimate		
93	90	0.033		
97	93	0.008		
Var00015	90	0.999		
Var00059	93	1.003		
Var00067	93	-0.452		
Var00110	97	0.734		
Var00119	97	0.993		
Var00006	90	0.836		
Var00017	90	0.988		
Var00069	93	0.818		
Var00121	97	0.992		
Variances		Estimate	S.E.	C.R.
Label				
90		.0000000401	.00000533	75.283
Ecp93		.000000808	.00000179	45.150
Ecp97		.000000828	.000000109	75.773
Err06		.000000246	.00000323	76.149
Err15		.00000239	.0000866	2.760
Err59		-.00000707	.000000134	-0.527
Err67		.000000182	.0000242	75.078
Err110		.0000000592	.00000772	76.734
Err119		.000000254	.00000273	9.317
Err17		.000000101	.0000425	23.800
Err69		.000000401	.00000114	35.114
Err121		.000000126	.00000120	10.458
Squared Multiple Correlations:		Estimate		
93		0.001		
97		0.000		
Var00121		0.985		
Var00069		0.669		
Var00017		0.975		
Var00119		0.987		
Var00110		0.538		
Var00067		0.204		
Var00059		1.007		
Var00015		0.997		
Var00006		0.698		

The result of the SEM model in this study to examine child poverty indicates that the sources of income (i.e., total income, wages and salaries, and income after tax) are appropriate predictors when dealing with child poverty, and that each year can be treated/examined separately, as there is very little dependence between years.

The following section presents an examination of the secondary questions posed to facilitate the response to the main research question of this study. To assist with the analysis of the data, it is placed into crosstab format. Income, wages, and income after tax will be examined in crosstab panels by demographic variables such as LICO, LIM, gender, family composition, and labour force status.

8.2 Results. Hypotheses examination

This section of the dissertation presents the results obtained from the analysis of the data undertaken to respond the six questions and hypotheses developed to assist in the examination of the main question and hypothesis of this study. The data used to examine the hypotheses are presented in crosstab table format to facilitate the ease of the presentation of the results. The results will be further explored in the discussion section.

8.2.1 Question 1

The first question, based upon the review of the literature, was to look at the depth of poverty:

Using the LICOs to assess level of poverty did the depth of child poverty, increase or decrease, following the introduction of the CTB, in 1993?

Hypothesis: The depth of child poverty was not reduced after the Child Tax Benefit was introduced, in 1993.

Before proceeding with the analysis on depth of poverty, and to facilitate the analysis of the impact of the CTB, the child benefits Canadian families received before and after the CTB are presented. Table 18 (below) was calculated following the format used by Torjman and Battle (1992, p. 103) and presents the benefits that two types of families received based on the sources of their income and on the number of children.

Table 18 (below) shows that under the new system (CTB) only families with income less than or equal to \$ 20,000 received an increase in their child benefits in the amount of \$ 500, corresponding to the Working Income Supplement (WIS). Families on welfare received no additional child benefits.

Table 18

Child Benefits, For A Family Receiving Only Welfare And A Family with Income Less Than or Equal \$20,000. Old versus New Systems \$ constant 1993

Old System			New System	
	One Child	Two Children ³⁴	One Child	Two Children
Welfare	\$1,233	\$2,253	1,233	2,253
\$20,000 or less	\$1,233	\$2,253	1,733	2,753

Author's calculations

Depth of poverty was analyzed using two methods. The first method examined the average income in dollars needed to bring all families with children to their respective LICO poverty lines based upon the LICO charts produced by Statistics Canada. The second method was to measure the depth of poverty of two types of families below LICO for a year before the CTB (1990) and a year after (1997).

The depth of child poverty is defined as "the difference between the amount required to reach the LICO (Statistics Canada Low Income Cut-Off) and the average poor family's income (*The Manitoba 1999 Child Poverty Report Card - An agenda for Action. Whose Business Is It?* Social Planning Council of Winnipeg). Consistent with this definition, and with the methodology of research on depth of poverty used by organizations such as the National Council of Welfare (Spring 1998) LICO is the only measure used to respond question 1.

³⁴ One child under 7 years and a child 7-17 years.

Table 19

Depth of Poverty: (\$ LICO (92 base) Total Income After-Tax. All Families with Children.

Year	1990	1993	1997
Average income gap	7,007	6,399	6,675
Number of economic family units	451,000	563,000	573,000

Source: Statistics Canada Catalogue no. 75-202

The data in table 19 (above) are from Statistics Canada (*Income in Canada 1998*, Catalogue no. 75-202), which provides information based on low income after tax (92 LICOs base), by selected family types, showing prevalence, estimated number and average income gap. Total income after-tax is used to accommodate for recent changes in Statistics Canada reporting procedures. This is despite the fact that, as noted in the section definitions and measurement of poverty, using total income after-tax is likely to result in fewer families below LICO. Further, beginning with 2000, Statistics Canada only uses the after-tax income variable in its publication data. Still, the figures are useful in examining the depth of poverty.

In 1990, the average depth of poverty for all families with children, below LICO, was \$ 7,007. This number represents how much additional income each economic family would need to raise them to their respective LICO cut-off levels. The data shows a slight improvement in the average income gap from 1990 to 1997 when measured in constant dollars. However the data also indicates a sharp increase in the number of economic families when 1990 is compared to 1997. In 1990 there were 451,000 economic families

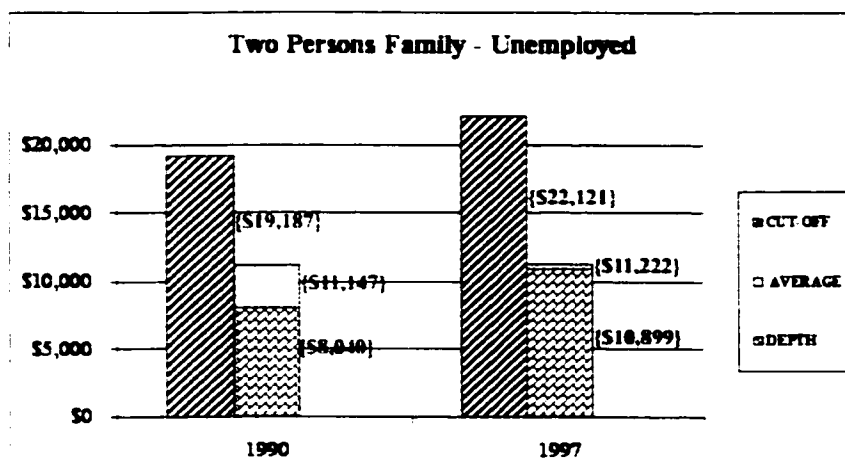
below LICO, and by 1997 this number had increased to 573,000. In 1997, the average depth of poverty for all families with children was \$6,675. There is an improvement in the depth of poverty in 1993 when compared to the depth of poverty in 1990. The year 1997 represents a very small improvement in the depth of poverty compared to 1990, and not nearly as dramatic as the improvement in the depth of poverty from 1990 to 1993. However, in relation to 1993 the change in depth of poverty in 1997 (\$6,675 from \$6,399) represents an increase of 4.1% in the amount of additional money the economic family units would need to raise them to their respective LICO cut-off levels.

Based on these findings the CTB does not appear to have significantly influenced the depth of poverty for low-income families since its introduction in 1993.

Another method to examine depth of poverty is to examine the actual average income of two particular types of families in relation to the dollars needed to bring these economic family units to their respective LICO poverty lines based upon the LICO charts produced by Statistics Canada (Catalogue no. 13-551-XIB).

Two family structures are analysed in relation to depth of poverty. One is a two persons family consisting of one parent (female) and one child under the age of seven. The other family structure selected is a four persons family consisting of two parents and two children (one child seven years and under and the other child between seven and seventeen years). Cases from these family structures (below LICO) were selected based upon the labour force status of the head of these economic units for two time periods, 1990 and 1997. Thus, from these two family structures four groups of families were derived for analysis. The selection according to labor force status was based on two variables, employed and unemployed.

Figure 3
Depth of Poverty: (\$) LICO Unemployed Single Female Head With One Child.



The first group of two persons economic family units analysed was headed by a single female and unemployed mother with one child under seven years. Figures 3, 4, 5, and 6 are based upon an analysis of the raw data files and indicates the LICO cut-off lines, the actual average income and the depth of poverty for a family of two, headed by a single, unemployed female, in 1990 and 1997.

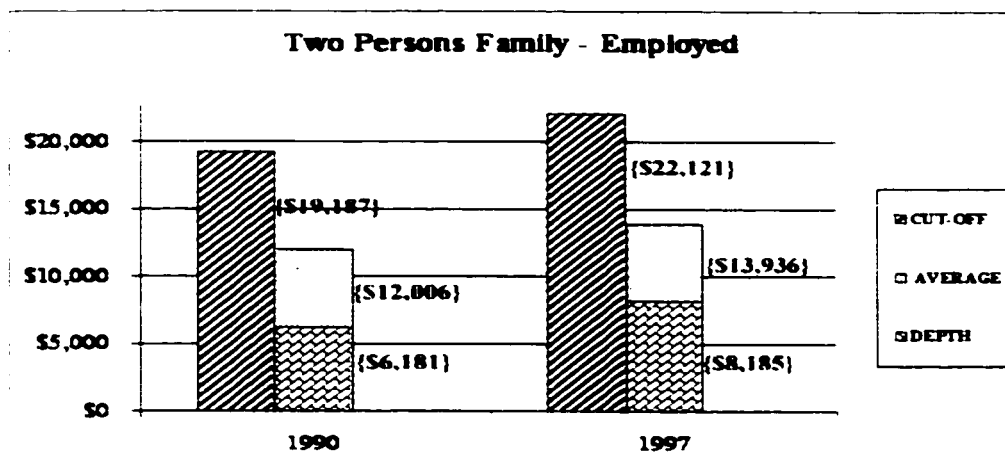
In 1990, the LICO for two persons living in an urban area of 500,000 inhabitants and over was \$19,187. The actual average income for the (two persons) families below LICO was \$11,147. The difference between the amount required to reach the LICO for the average poor family of two headed by a single female was \$8,040 in 1990 (Figure 3, above).

In 1997, The LICO for two persons living in an urban area of 500,000 inhabitants and over was \$22,121. The actual average income for single unemployed female headed two persons families below LICO was \$11,222. The difference between the amount

required to reach the LICO for the average poor family of two with a single unemployed female head was \$10,899 in 1997 (Figure 3, above).

Figure 4

Depth of Poverty (\$) LICO Employed Single Female Head With One Child.



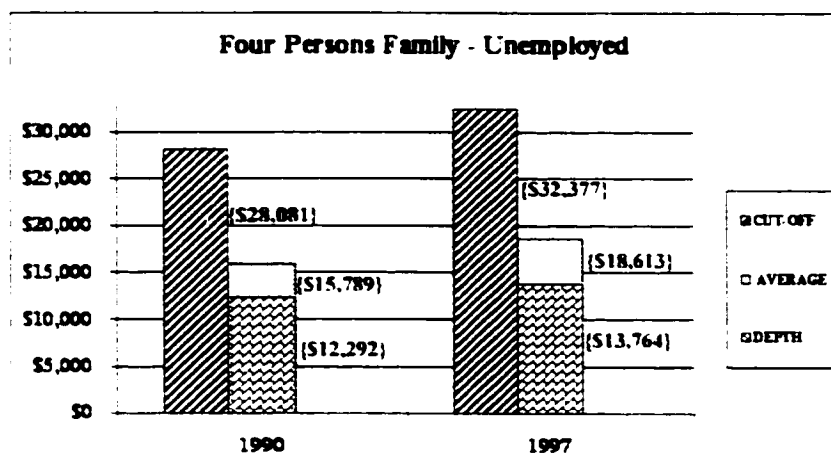
The second group of two persons family units analysed consisted of single employed mother of one child under seven. In 1990, the LICO for two persons living in an urban area of 500,000 inhabitants and over was \$19,187. The actual average income for the (two persons) families headed by an employed female below LICO was \$12,006. The difference between the actual average income and the amount required to reach the LICO for the average poor family of two was \$6,181 in 1990 (Figure 4, above).

In 1997, the LICO for two persons living in an urban area of 500,000 inhabitants and over was \$22,121. The actual average income for single employed female headed two persons families below LICO was \$13,936. The difference between the amount required to reach the LICO for the average poor family of two with a single employed female head was \$8,185 in 1997 (Figure 4, above).

The second type of family below LICO analyzed in relation to depth of poverty was that of four persons family units.

Figure 5

Depth of Poverty (\$) LICO Unemployed Two Parent Family With Two Children.



In 1990, the LICO for four persons living in an urban area of 500,000 inhabitants and over was \$28,081. The actual average income for the unemployed (four persons) families below LICO was \$15,789. The difference between the amount required to reach the LICO for the average poor family of four was \$12,292 in 1990 (Figure 5, above).

In 1997, The LICO for four persons living in an urban area of 500,000 inhabitants and over was \$32,377. The actual average income for unemployed four persons families below LICO was \$18,613. The difference between the amount required to reach the LICO for the average poor unemployed family of four was \$13,764 in 1997 (Figure 5, above).

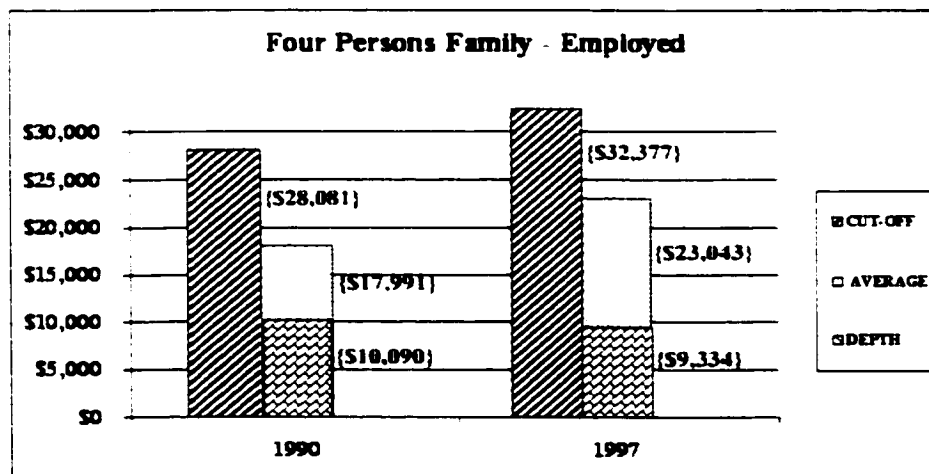
In 1990, the LICO for four persons living in an urban area of 500,000 inhabitants and over was \$28,081. The actual average income for the employed (four persons)

families below LICO was \$17,991. The difference between the amount required to reach the LICO for the average poor family of four was \$10,090 in 1990 (Figure 6).

In 1997, The LICO for four persons living in an urban area of 500,000 inhabitants and over was \$32,377. The actual average income for employed four persons families below LICO was \$23,043. The difference between the amount required to reach the LICO for the average poor employed family of four was \$9,334 in 1997 (Figure 6).

Figure 6

Depth of Poverty (\$) LICO Employed Two Parent Family With Two Children.



The data indicate that the depth of poverty increased for three of the four groups derived from the two family structures selected for analysis. The depth of poverty for a two persons family headed by a single unemployed female increased by \$2,859 or 35.5% from 1990 to 1997. The depth of poverty for a two persons family headed by a single employed female increased by \$2,004 or 32.4% from 1990 to 1997. The depth of poverty for a four persons (two parent) unemployed family increased by \$1,472 or 11.9%, from

1990 to 1997. The four persons family with employed head is the only group analysed to experience a decrease (\$756 or 7.5%) in the depth of poverty from 1990 to 1997.

To facilitate trend analysis of depth of poverty, the values were adjusted for inflation using the Consumer Price Index (CPI) (Statistics Canada Cat # 62-001-XPB) to obtain these values in constant 1989 dollars (Table 20).

Table 20

*Depth of Poverty in Constant 1989(\$)
LICO (86 base)*

Year	1990	1993	1997
Cut-off	19,187	20,935	22,121
Actual Average	13,022	14,502	14,928
Depth	6,165	6,443	7,193
Constant 1989 \$	6,165	7,145	8,509

Source: Statistics Canada Catalogue no. 62-001 - XPB

Adjusting for inflation and utilizing 1989 constant dollar data indicate (Table 20) that the depth of poverty for the average two persons poor family in 1990 was \$6,165; in 1993, \$7,145; and in 1997, \$8,509. The depth of poverty between 1990 and 1993 increased by \$980 or 15.8% (from \$6,165 to \$7,145). Between 1990-1997 the depth of poverty increased by \$2,344 or 38% (from \$6,165 to \$8,509). Between 1993 and 1997 the depth of poverty increased \$1,364 or 19% (Table 20).

The use of both, absolute and adjusted values indicate the same tendency: a moderate increase between 1990 and 1993 and a marked increase in the depth of poverty between 1993 and 1997.

To complement the two methods used to examine the depth of poverty additional analysis based on the income of all economic families with children that fall below the

various LICO cut-offs was conducted. Table 21 (below) indicates the incomes and numbers of economic families below LICO for the years under investigation.

Table 21

Average Income-All Families with Children (Below LICO) (\$ LICO (86 base) Total Income Before-Tax

Year	1990	1993	1997
Average income	15,126	17,261	17,546
Number of economic family units	625,610	774,162	762,325

Source: Statistics Canada raw data files

Table 21 is based upon an analysis of the raw data files for 1990, 1993 and 1997. Cases were selected based upon an economic family with children below LICO and having a total income before-tax greater than zero. Similar to the average income gap represented in Table 21 (above), the most dramatic change occurred between 1990 and 1993. The change in average income of all economic family units with children that fall below LICO, from the introduction of the CTB in 1993 through 1997 is not as dramatic as 1990 to 1993. In fact the increase in average income of \$285 from 1993 to 1997 represents a monthly increase of \$23.75, and a daily increase of \$0.79.

Therefore there is some evidence based upon these two measures of depth of poverty using two different income variables and two different LICO base years to support the first hypothesis that the CTB did not reduce the depth of child poverty. In fact, as the analysis of two different family structures indicates unemployed families (one or two parents) and families headed by employed single female are getting poorer.

8.2.2 Question 2

The second question was to examine the level of poverty. The question was examined by comparing the level of each economic family's income using the variable total income before-tax, and their respective LICO and LIM lines based upon the LICO and LIM charts produced by Statistics Canada. The research hypothesis to examine this question was:

Using the LICOs and LIMs to assess level of poverty did the level of child poverty increase or decrease, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty was not reduced after the introduction of the Child Tax Benefit (CTB), as measured by LICOs and LIMs.

The hypothesis is tested using data from before the introduction of the CTB (1990), the introduction of the CTB (1993) and a measure of level of poverty since the introduction of the CTB (1997). Utilizing LICOs (86 base) examination of the data for the year 1990, indicate there were 3,736,302 economic family units in Canada (Table 22). The number of economic family units below the poverty measure was 631,504 or 16.9%. In 1993, the total number of economic family units was 3,862,424. The number of

Table 22

Economic Families Below LICO (1990, 1993, 1997)

Year	Below Measure	% of Total	Total
1990	631,504	16.9	3,736,302
1993	784,404	20.3	3,862,424
1997	766,451	19.4	3,957,392

Source: Statistics Canada raw data file

families below the poverty line was 784,404 or 20.3%. In 1997, there were 3,957,392 economic families in Canada. The number of family units below LICO's was 766,451 or 19.4%. In 1993 there were 152,900 more family units below LICO than in 1990, representing an increase of 24%. In 1997, there were 134,947 more economic family units below LICO than in 1990, representing an increase of 21%.

The data indicate a decline in the percentage and number of families below LICO in 1997 compared to 1993. In 1997, there were 17,953 fewer economic families below the poverty line, representing a decrease of 2.3% in the number of families in poverty in relation to 1993.

Between 1990 (3,736,302) and 1997 (3,957,392) there was an increase of 221,090 economic family units, representing an increment of 5% in the total of economic families. Between 1993 (3,862,424) and 1997 the increase of 94,968 units represented a 2.5% increase in the total number of families.

Statistical tests of significance were not performed on the data because the total population was studied (Jackson, 1999, p. 247). Therefore the differences are absolute, the child poverty figure for 1993 was 20.3 % and the child poverty rate for 1997 was 19.4 %, a decrease of 0.9 %. When examining total populations, the researcher must determine how the differences in data are to be characterized. Understanding that indicators of poverty such as unemployment insurance and social assistance caseloads rise during recessions and decrease during periods of economic recovery (Jackson, et al, 2000, p. 33), the absolute differences of 1993 to 1997 can be easily accounted to the economic recovery of this period. Commenting on this time period, Jackson et al (2000) write "However, progress in terms of fighting poverty among families with children came

to a halt from about 1993, when cuts to social assistance and UI benefits really began to bite, offsetting the modest increase in child benefits targeted to low-income families” (p. 36).

The premise considered in this study is that child poverty is a reflection of family poverty. This is shown to be correct when the number of children living in poverty are extracted through frequencies. Using LICO, the number of children living in poverty are: 1,165,613 in 1990; 1,457,328 in 1993; and 1,384,058 in 1997. Table 23 illustrates the percentage changes experienced in the number of families and children below the poverty line.

Table 23

Percentage Change in Families and Children Living Below LICO (1990, 1993, 1997)

Year	Families	% Change	Children	% Change
1990	631,504	–	1,165,613	
1993	784,404	24.0	1,457,328	25.0
1997	766,451	-2.3	1,384,058	-5.0

Source: Statistics Canada raw data files

Families below the poverty line increased 24% between 1990-1993, and children living in poverty increased 25% in the same time period. During 1993-1997, families below the poverty line decreased by 2.3% and the number of children living in poverty decreased 5% (Table 23). According to LICO, in 1993 there were 291,715 more children living in poverty than in 1990. In 1997, there were 73,270 fewer children living below the poverty line than in 1993, but 218,445 more children in poverty than in 1990 (Table 23).

The examination of the extent of child and family poverty shows a marked increase in family and children in poverty between 1990 and 1993, and a very small

decrease in 1997 in relation to 1993. The policy-program (CTB) does not seem to have basically altered the major increase in child poverty that occurred in the early 1990s.

Family units are used for poverty measurements as most children in Canada except those in institutions live with some definition of family. Therefore it is not that informative to examine children outside of their situation in the context of their families. To examine poverty among children one must look towards their families for information. Thus the remaining questions will be examined by looking at family units in Canada.

Utilizing LIM's (86 base) examination of the data indicate that the number of families below the Low Income Measure in 1990, was 636,596 or 17 % of Canadian families. In 1993, 690,807 or 17.9%, and in 1997, 682,624 or 17.2% were below the LIM's poverty line (Table 24).

Table 24

LIM - Economic Family Units

Year	Below Measure	%	Total
1990	636,596	17.0	3,736.302
1993	690,807	17.9	3,862.424
1997 (92 Base)	682,624	17.2	3,957.392

Source: Statistics Canada raw data files

Using 1990 as reference year data indicates that in 1993 there were 54,211 (8.5%) more family units below LIM than in 1990. In 1997 there were 46,028 (7.2%) more economic family units below LIM than in 1990. The data indicate a decline in the number and percentage of family units below LIM, in 1997. There were 8,183 or 1% fewer economic family units below the poverty line in 1997 than in 1993.

As indicated previously, with LIM the number of economic family units below the cut-off is expected to be lower than when LICO is utilized. However, this is not the case in 1990, the difference in the number of families below measure is 5,056 fewer families when LICO is used (631,504) than when LIM is used (636,596) (Table 25).

Table 25

Number and % of Families Below LICO and LIM

Year	LICO	%	LIM	%	Difference
1990	631,504	16.9	636,596	17.0	+ 0.1%
1993	784,404	20.3	690,807	17.9	- 2.4%
1997	766,451	19.4	682,624	17.2	- 2.2%

Source: Statistics Canada raw data files

Utilizing LIM, the examination of the extent of family and child poverty shows very similar fluctuations to those obtained with LICO. For the most part, the differences expected from the use of LICO and LIM are confirmed.

8.2.3 Question 3.

Question three examined whether or not there was a difference in level of child poverty by labour force status (employed, unemployed, not in the labour force) of economic family unit head. The research hypothesis to examine this question was: Using the LICO's and LIMs to assess level of poverty did the level of child poverty increase or decrease, according to labour force status of family heads, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty was not reduced after the introduction of the Child Tax Benefit, according to labour force status of family heads.

Examining level of child poverty according to the labour force status of economic family unit heads, the data indicate that most family heads were employed in the three time periods analyzed in this study: 79.4% in 1990; 77% in 1993; and 81.1% in 1997 (Table 26).

Table 26

Labour Force Status. Employed Economic Family Units 1990, 1993 and 1997

Year	Total	Employed	%	% Change
1990	3,736,302	2,967,226	79.4%	0.0%
1993	3,862,424	2,974,677	77.0%	.25%
1997	3,957,392	3,211,267	81.1%	7.9%

Source: Statistics Canada raw data files

The number of total employed family units experienced an increase of 7,451 units in 1993 in relation to 1990 representing a percentage change of 0.25%. Table 26 also shows that there was a 7.9% increase in the total of employed family units in 1997 when compared to 1993

Table 27

Economic Family Units Below LIM and LICO As % of Total Units (1990, 1993 and 1997).

LIM			LICO	
Year	Below	%	Below LICO	%
1990	636,596	17.0	631,504	16.9%
1993	690,807	17.9	784,404	20.3%
1997	682,624	17.2	766,451	19.4%

Source: Statistics Canada raw data files

Table 27 presents the number and percentage of families below cut-off when LIM and LICO are applied on the total economic family units. According to LICO the family units participating in the labour force show a greater and increasing representation in the total number of families below the poverty line (Table 27, above).

Table 28

Family Units in the Labour Force as % of Total Families Below LICO

Year	1990	1993	1997
Total Below	631,504	784,404	766,451
Employed	286,081	321,572	369,424
Unemployed	92,590	154,894	128,632
In Labour Force	378,671	476,476	498,056
% of Total Below	60.0%	61.0%	65.0%

Source: Statistics Canada raw data files

As it can be derived from Table 28 (above) families participating in the labour force constituted 60% in 1990, 61% in 1993, and 65% in 1997 of the total number of families below LICO in those years.

Using LICO, among the employed family units, the data indicate that as the total number of employed families increased so did the number of employed families falling below the poverty line: 286,081 or 9.6% in 1990; 321,572 or 10.8% in 1993; and, 369,424 or 11.5%, in 1997 (Table 28 above, and 29 below).

Table 29

Employed Economic Family Units Below LICO As % of Total Employed: 1990, 1993 and 1997

Year	Total	Below LICO	%
1990	2,967,226	286,081	9.6%
1993	2,974,677	321,572	10.8%
1997	3,211,267	369,424	11.5%

Source: Statistics Canada raw data files

The representation of employed family heads in the total number of families below the poverty line changed from 45.3% in 1990 down to 40.9% in 1993, and up to 48.2% in 1997 (Table 30).

Table 30

Employed Economic Family Units Below LICO (1990, 1993 and 1997)

Year	Total Below	Employed Below	%	% Change
1990	631,504	286,081	45.3%	
1993	784,404	321,572	40.9%	12.4%
1997	766,451	369,424	48.2%	14.9%

Source: Statistics Canada raw data files

Table 30 also shows that the percentage change in the number of employed family heads in relation to the total number of families below the poverty line increased 12.4% in 1993 compared to 1990, and 14.9% in 1997 compared to 1993.

Utilizing LICO and LIM to examine level of child poverty according to the labour force status of economic family heads the data show that the number and percentage of unemployed family units increased from 317,928 or 8.5% in 1990 to 347,675 or 9% in 1993. The number and percentage of unemployed family heads decreased to 275,634 or 7% of the total number of families in 1997 (Table 31, below).

Table 31

Labour Force Status. Unemployed Economic Family Units 1990, 1993 and 1997

Year	Total	Unemployed	%	% Change
1990	3,736,302	317,928	8.5%	0.0%
1993	3,862,424	347,675	9.0%	9.3%
1997	3,957,392	275,634	7.0%	-20.7%

Source: Statistics Canada raw data files

The unemployed economic family units experienced an increase of 9.3% in 1993, in relation to 1990, and a decrease of -20.7% in 1997, in relation to 1993 (Table 31). These fluctuations seem to reflect what is observed taking place with the unemployed family heads below the poverty line. Table 31 indicates a marked increase in the number of unemployed family heads falling below LICO in 1993 and then, in 1997, a reduction that is a quarter of the percentage increase observed between 1990 and 1993.

Among the total number of families below the poverty line, the unemployed heads of families represented 14.6% in 1990, 19.7% in 1993, and 16.7% in 1997 (Table 32). The numbers of unemployed heads below the poverty line experienced an increase of 67.2% in 1993 from 1990 and a decline of -16.9% in 1997 in relation to 1993 (Table 32 below).

Table 32

Unemployed Economic Family Units Below LICO (1990, 1993 and 1997)

Year	Below	Unemployed	%	% Change
1990	631,504	92,590	14.6%	
1993	784,404	154,894	19.7%	67.2%
1997	766,451	128,632	16.7%	-16.9%

Source: Statistics Canada raw data file

Table 33 (below) shows that using LICO and LIM, among the unemployed family heads, those below the poverty line were a growing group. Using LICO, they represented 29.1% in 1990, 44.5% in 1993, and 46.6% in 1997. Using LIM, they represented 29.9% in 1990, 39.8% in 1993, and 45.1% in 1997. The year in which there is a larger difference (4.7%) in the number of unemployed families below the cut-off lines is 1993.

Table 33

Unemployed Economic Family Units Below LIM and LICO (1990, 1993 and 1997)

LIM			LICO	
Year	Below	%	Below	%
1990	95,133	29.9	92,590	29.1
1993	138,429	39.8	154,894	44.5
1997	124,372	45.1	128,632	46.7

Source: Statistics Canada raw data files

Table 33 uses LICO and LIM to reveal that the family heads who were not in the labour force and below the poverty line accounted for more than half of the heads who were not in the labour force in the three time periods analyzed (Table 34). Using LICO for example, the data shows that the numbers and percentage increased in 1993 (307,939

or 57%) when compared to 1990 (252,833 or 56%) and experienced a decrease in numbers in 1997 (278,395) but the same percentage (57%) as in 1993.

Using LICO the family unit heads who were not in the labour force saw a reduction in their representation among the total number of family below the poverty line: 40% in 1990, 39.2 % in 1993, and 35% in 1997 (Table 32 and 34).

Table 34

Not in the Labour Force Economic Family Units Below LIM and LICO (1990, 1993 and 1997)

LIM			LICO	
Year	Below	%	Below	%
1990	256,648	56.9	252,833	56.0
1993	302,057	56.0	307,939	57.0
1997	258,662	55.0	278,395	57.0

Source: Statistics Canada raw data files

Utilizing LICO and LIM, the data show (Table 35, below) that the number of economic family units experienced a slight change from year to year. Each year the labour force increased in the total number of economic family units.

Table 35

Labour Force Status. Not in Labour Force. Economic Family Units (1990, 1993 and 1997)

Year	Total	Not in Labour Force	%
1990	3,736,302	451,148	12.1%
1993	3,862,424	540,072	14.0%
1997	3,957,392	470,491	11.9%

Source: Statistics Canada raw data files

Table 35 also lists the number and percentage of economic families who are not in the labour force. The light changes observed need to be treated with a little caution as they may reflect the total size of the labour force. For example, in 1990 at 451,148 the economic families not in the labour force accounted for 12.1%. In 1997, the number is larger (470,491) however, this represents 11.9%.

In summary, the examination of question three indicates that: the number of families who were in the labour force have a greater and increasing representation in the number of family units below the poverty lines. The families who are not participating in the labour market and below the poverty line are fewer each year. The number of families participating in the labour force as well as the total number of employed family units increased each time period, particularly in 1997³⁵. At the same time that more families are incorporated into the labour force there is an increase in the number of employed families falling below the poverty lines. The data indicate as well, that among the unemployed family units those below the poverty lines were a growing group.

³⁵ Employed family units increased 7.9% in 1997

8.2.4 Question 4

Question 4 examined the level of child and family poverty according to the sex of the economic family unit head utilizing LICO and LIM:

Using LICOs and LIMs to assess level of poverty did the level of child poverty increase or decrease according to the sex of the head of the family unit, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty was not reduced since the introduction of the Child Tax Benefit, and according to the sex of the family head.

Data analysis show that most of the economic family units were headed by a male: 85.7% in 1990, 82.9% in 1993, and 83.2% in 1997 (Table 36).

Table 36

Family Heads According to Sex (1990, 1993, 1997)

	1990	% of Total	1993	% of Total	1997	% of Total
Male	3,202,910	85.7	3,202,876	82.9	3,291,666	83.2
Female	533,392	14.3	659,548	17.1	665,726	16.8
Total	3,736,302	100	3,862,424	100	3,957,392	100

Source: Statistics Canada raw data files

According to LICO and LIM, in 1990, 1993 and 1997 the total number of economic family units headed by a male below these poverty lines were greater than the number of female economic families below the poverty lines. For example when examining LICO for 1990, (Table 37 below), there were 8,910 (320,207-311,297) more families headed by a male below the poverty line than female heads of families. For 1993, there were 42,138 (413,271-371,133) more male headed families than female

below the line. For 1997 male headed families surpassed female headed families by 47,535 (406,993-359,458) among those below the poverty line (Table 37).

Correspondingly, using both, LICO and LIM, among all families falling below these poverty lines, 50.7% to 53.2% are headed by males, and 46.8% to 49.3% are headed by females (Table 37). Given the large numerical difference between male and female family units, it is not surprising that the greater number and percentage of those units below the poverty lines belongs to male headed families.

Table 37

Families Below LICO and LIM According to Sex of Economic Family Units Heads (1990, 1993 and 1997)

	1990		1993		1997	
	LICO	LIM	LICO	LIM	LICO	LIM
Male	320,207	334,330	413,271	354,371	406,993	362,992
%	50.7	52.5	52.7	51.3	53.1	53.2
Below						
% Male Families	10.0%	10.4%	12.9%	11.1%	12.4%	11.0%
% Total Families	8.6	8.9	10.7	9.2	10.3	9.2
Female	311,297	302,266	371,133	336,436	359,458	319,632
%	49.3	47.5	47.3	48.7	46.9	46.8
Below						
% Female Families	58.4%	56.7%	56.3%	51.0%	54.0%	48.0%
% Total Families	8.3	8.1	9.6	8.7	9.1	8.1
Totals						
Below	631,504	636,596	784,404	690,807	766,451	682,624
Male Families	3,202,910	3,202,910	3,202,876	3,202,876	3,291,666	3,291,666
Female Families	533,392	533,392	659,548	659,548	665,726	665,726
Total Families	3,736,302	3,736,302	3,862,424	3,862,424	3,957,392	3,957,392

Source: Statistics Canada raw data files

However, female headed families are disproportionately represented among those below the poverty line. For example, male heads of family units represent more than 80%³⁶ of all families during the years studied and are below these poverty lines in proportions ranging from 10% to 12.9%, while female heads represent less than 20% of all families, and are below these poverty lines in proportions ranging from 48% to 58.4% (Table 37).

In a group to group comparison, female heads showed a slight tendency to decrease their representation among the families below LICO from 47.3% in 1993 down to 46.9% in 1997, and from 48.7% in 1993 down to 46.8% in 1997, with LIM. Unlike female heads, male heads showed a tendency to increase their representation among the families below the poverty lines from 52.7% in 1993 up to 53.1% in 1997, using LICO and from 51.3% in 1993 up to 53.2% in 1997, using LIM (Table 37).

In summary, the larger number of families below the poverty lines are headed by males. However, in relation to their own group (female heads) and to the total number of families, female headed families are more likely to live below the poverty lines

³⁶ (85.7%, 82.9%, and 83.2% in 1990, 1993, and 1997, respectively).

8.2.5 Question 5

Question 5 examined incidence of child and family poverty according to the labour force status of female-headed economic family units utilizing LICOs and LIMs: Using the LICOs and LIMs to assess level of poverty did the level of child poverty in female headed families increase or decrease, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty in female headed families was not reduced following the introduction of the Child Tax Benefit.

Utilizing LICO and LIM to examine incidence of family and child poverty according to the labour force status of female heads of economic family units, the data indicate that with the exception of 1993 (49%) more than half of female heads were employed (Table 38).

Table 38

LICO-LIM and Labour Force Status Employed Female Heads (1990, 1993 and 1997)

Year	Total	Employed	%	% Change
1990	533,392	274,931	51.5	
1993	659,548	323,214	49.0	17.6
1997	665,726	374,661	56.3	15.9

Source: Statistics Canada raw data files

Table 38 shows that as the number of female heads increased each year so did the number of employed female heads. The greater percentage change occurred in 1993 when the number of employed female heads increased 17.6% in relation to 1990. However, the increase in the number of employed female heads in 1997 in comparison to the increase in the total female heads is significant. The difference in the number of

female heads who became employed in 1997 (51,447³⁷) is more than eight times greater than the increase in the number of female heads in that year compared to 1993³⁸ (6,178).

The data indicate that as the number of employed female heads increases so does the number of female heads who fall below the poverty line according to LICO (Table 39). In 1993 there were 7,804³⁹ more employed female headed families below LICO than in 1990 and 18,007 more in 1997 than in 1993⁴⁰. However, as was the case in question four and five these increases are not reflected in percentages because the universe against which these numbers are applied increased each year. Significantly though, the percentage of employed female heads below LICO or LIM remained above 30% each year studied (Table 39).

Table 39

Employed Female Heads below LICO-LIM (1990, 1993, 1997)

Year	Employed	Below LICO	%	Below LIM	%
1990	274,931	93,942	34.2	85,686	31.2
1993	323,214	101,746	31.5	76,397	23.6
1997	374,661	119,753	32.0	91,895	24.5

Source: Statistics Canada raw data files

According to LIM the number and percentage of female heads below the poverty line are lower than those extracted with LICO (Table 39). As noted before, when LIM is used as the indicator lower figures are to be expected. However in terms of the numbers of female headed families falling below the line both indicators show a similar movement

³⁷ (374,661-323,214)

³⁸ (665,726-659,548)

³⁹ (101,746-93,942)

⁴⁰ (119,753-101,746)

between 1993 and 1997. According to LIM, 15,498 female headed families fell below the poverty line and according to LICO, 18,007 more female headed families fell below the lines in 1997.

8.2.6 Question 6

Question 6 examined family and child poverty considering family size utilizing LICO and LIM:

Using the LICOs and LIMs to assess level of poverty, did the level of child poverty increase or decrease according to family size, following the introduction of the Child Tax Benefit, in 1993?

Hypothesis: The level of child poverty according to family was not reduced following the introduction of the Child Tax Benefit, in 1993.

Table 40

Economic Family Units According to Number of Children (Size) (1990, 1993, 1997)

1990		1993		1997	
Size	Total	Size	Total	Size	Total
1.0	1,544,865	1.0	1,630,308	1.0	1,707,631
2.0	1,523,192	2.0	1,567,139	2.0	1,582,875
3.0	526,965	3.0	518,176	3.0	526,032
4.0	114,146	4.0	111,503	4.0	109,636
5.0	19,207	5.0	24,118	5.0	24,375
6.0	5,072	6.0	7,105	6.0	4,665
7.0	1,868	7.0	2,560	7.0	1,708
8.0	908	8.0	588	8.0	470
9.0	53	9.0	927		
10.0	26				
Total	3,736,302		3,862,424		3,957,392

Source: Statistics Canada raw data files

The data indicate that in 1990, 1993 and 1997, the number of family units with children increased slightly each year (Table 40). In 1993, there were 126,122⁴¹ more family units with children than in 1990, representing an increase of 3.4%. In 1997, there

⁴¹ (3,862,424-3,736,302)

were 94,968⁴² more family units with children than in 1993, representing an increase of 2.5%. The family units with smaller numbers of children (i.e., 1, 2, 3 children) were significantly more numerous (Table 40). In fact, these units represented more than 95% of all family units in the three time periods studied. The family units with one and two children constituted more than 80% of the families.

Table 40 shows, that in 1990, for example, the largest number of economic family units with children were those with one child (1,544,865 or 41%). The second largest number of economic family units with children was that of two-children (1,523,192 or 40.7%). The third largest number of family units was that of three-children family (526,965 or 14%) (Table 40).

Table 41

Economic Family Units Below LICO and LIM According to Number of Children

(Size)(1990, 1993, 1997)

Size	1990		1993		1997	
	LICO	LIM	LICO	LIM	LICO	LIM
1.0	271,560	261,809	318,140	270,075	339,258	296,439
2.0	226,737	222,186	316,414	271,807	283,322	246,166
3.0	102,477	110,311	112,055	104,996	107,105	94,585
4.0	22,656	29,341	25,962	28,664	27,839	30,823
5.0	6,426	9,429	6,550	7,888	8,367	11,667
6.0	1,326	2,252	3,902	5,079	270	1,717
7.0	243	968	1,122	1,531	290	757
8.0		221		355		470
9.0	53	53	259	412		
10.0	26	26				
Total	631,504	636,596	784,404	690,807	766,451	686,624

Source: Statistics Canada raw data file

The larger number of families below LICO and LIM also belonged to family units with one, two and three children (Table 41). One-child families and five-children

⁴² (3,957,392-3,862,424)

families were the only groups whose number below both poverty lines increased each year (Table 41). Family units with one, two, and three children⁴³ below the poverty lines were more numerous when LICO was utilized. However, larger families (4 to 10 children) presented higher number of units below the poverty line when LIM was utilized. This shows LIM's sensitivity to family size.

Table 42

*Economic Family Units Below LICO According to Number of Children (Size) As %
Within their Family Size 1990, 1993, 1997*

Size	1990		1993		1997	
	LICO	%	LICO	%	LICO	%
1.0	271,560	17.6	318,140	19.5	339,258	19.9
2.0	226,737	17.5	316,414	20.2	283,322	17.9
3.0	102,477	19.4	112,055	21.6	107,105	20.4

Source: Statistics Canada raw data file

The largest number of family units below LICO belonged to one-child units accounting for 17.6% in 1990, 19.5% in 1993, and 19.9% in 1997 of the total number of one child families (Table 42). However, one-child family units represented 43% in 1990, 40.6% in 1993, and 44.3% in 1997 of the total economic family units below LICO, in these years (Table 43).

The second largest number of economic families below LICO belonged to two-children family units, representing 17.5% in 1990, 20.2% in 1993, and 17.9% in 1997 of the total number of families with two children (Table 42). They accounted for 35.9% in 1990, 40.3% in 1993, and 37% in 1997 of the total number of families below LICO (Table 43).

⁴³ With the exception of three children families in 1990.

Table 43

*Economic Family Units Below LICO According to Number of Children (Size)**As % of Total Families Below LICO (1990, 1993, 1997)*

Size	1990		1993		1997	
	LICO	%	LICO	%	LICO	%
1.0	271,560	43.0	318,140	40.6	339,258	44.3
2.0	226,737	35.9	316,414	40.3	283,322	37.0
3.0	102,477	16.2	112,055	14.3	107,105	14.0
Total	631,504	100	784,404	100	766,451	100

Source: Statistics Canada raw data file

The third largest number of economic family units below LICO belonged to three-children family units, representing 19.4% in 1990, 21.6% in 1993, and 20.4% in 1997 of families with three children (Table 42). They accounted for 16.2% in 1990, 14.3% in 1993, and 14% in 1997 of the total number of families below LICO (Table 43).

The family units with the highest percentage below LICO within their category belonged to five-children family units in 1990 (33.5%), to six children units in 1993 (54.9%), and to five-children family units in 1997 (34.3%).

Data indicate that family units with smaller number of children were more numerous and presented the higher numbers and percentages below LICO. The family units with larger number of children presented smaller percentage of the total number of families below LICO, but larger percentage of poverty within their respective family units.

The results section of this study indicated that the SEM model of analysis for the variables used for subsequent analysis did fit the data. Therefore an analysis of child poverty levels during 1990, 1993 and 1997 could be performed with some confidence that there was statistical support for that analysis procedure of comparing different data years and income variables. Based upon the findings of this study, it was concluded that

the introduction of the CTB had not reduced the incidence of child poverty necessary to reach the target of eliminating child poverty by the year 2000. From an examination of the data, the business cycle in the economy appeared to be a stronger explanation for the incidence and depth of poverty in Canada than the CTB program. The results section of this study did not show a significant reduction in the incidence or depth of poverty when compared to the incidence of child poverty that exists in Canada, nor the stated goal of eliminating child poverty by the year 2000. The implications of the results of this study will be further explored in the following discussion section of this dissertation. The lack of dramatic reductions to the incidence and depth of child poverty will be presented as well as a critique of the CTB. Finally, the discussion section will conclude with a presentation of what possible future directions could be utilized to reduce child poverty.

9. Discussion

9.1 Summary of the findings

In this section the findings outlined in the previous pages are summarized, interpreted and placed in a broader context. Then, their implications are considered and future research directions explored.

The objective of this study is to examine whether there is empirical evidence to sustain the argument that the CTB program effectively reduced the incidence and depth of child poverty. To assess the appropriateness of using some of the Statistics Canada's poverty indicators and to overcome the limitations posed by time series analysis, a structural equation model was developed. The structural equation model built for this study examines, for the first time, the appropriateness of utilizing wages and salaries, income after tax, and total income as indicators of child poverty. This approach deals with the problem of not being able to examine data using more common tests of difference due to the time-series (or spatial) nature of the data. For the first time the statistical relationships among the variables in the data among the different years can be examined using this model. The results indicate that the exogenous latent variable does not influence the endogenous latent variable 1993 and that the endogenous latent variable 1993 does not influence the endogenous latent variable 1997. Based upon this finding, we can state that these observations are independent of each other, and that each year can and should be examined separately from any aggregated measure. After concluding that these observations can be compared without being concerned with serial dependency among the observations, the data were examined utilizing LICO and LIM as poverty measures in a crosstabulation format.

The previous pages contain the results obtained from the statistical analysis. The following pages present a discussion of those results. To facilitate the analysis of the results, the discussion will proceed by commenting on the findings related to each hypothesis formulated to respond the questions dealing with incidence and depth of poverty.

The main hypothesis in this study: That, "The Child Tax Benefit introduced in 1993 did not reduce the level or depth of child poverty in Canada", is supported by the findings of this study. Such a conclusion can be derived from the examination of the six additional hypotheses formulated to facilitate a response to the main question.

The first hypothesis stating that, "The depth of child poverty was not reduced following the introduction of the Child Tax Benefit in 1993, as measured by LICOs", is supported by the findings. The analysis of depth of poverty using average income gap and average income of all families with children below their respective LICOs indicates a decrease (from \$7,007 to \$6,399) in the depth of poverty between 1990 and 1993 (Table 19), and an increase (from \$6,399 to \$6,675) between 1993 and 1997. The use of adjusted values (Table 20) points to a moderate increase between 1990 and 1993, and a marked increase in the depth of poverty between 1993 and 1997. This trend of greater depth of poverty among all families with children between 1993 and 1997, supports the hypothesis that depth of child poverty was not reduced after the Child Tax Benefit was introduced, in 1993. The slight improvement in the average income gap shown by the data from 1990 to 1997, can be expected as 1990 represents the first year of the 1990-

1991 recession (NCW, Spring 1998), and wages should have improved by 1997 during a period of economic recovery⁴⁴.

The increase in depth of poverty experienced between 1993 and 1997 by the groups of families analysed using three time periods may indicate that though inadequate, government support may have prevented poor families from falling deeper in poverty between 1990-1993.

Similarly, the examination of depth of poverty in two time periods (1990 and 1997) shows a deeper level of poverty for most types of family units derived from the two family structures selected for analysis (Figures 2, 3, 4, and 5). This analysis also shows that attachment to the labour market was not enough to prevent employed and unemployed two person family units, and unemployed four persons family units from falling deeper below poverty in 1997. However, attachment to the labour force seems to have paid dividends to employed four persons (two parents) family units as they saw their depth of poverty reduced by \$756 or 7.5% in 1997 as compared to 1990. This is one of the two family structures that were to receive additional benefits (WIS) after 1993 (Table 18).

The trend observed - a deeper level of poverty affecting some type of families falling below the poverty line- is consistent with observations made by both Campaign 2000 and the Caledon Institute of Social Policy (1999) about worsening (depth) poverty for low income families.

This is important because the deterioration in various family units income may, in fact, indicate that social welfare programs are transferring benefits horizontally (Hunter,

⁴⁴ Table 15 shows that Canada's GDP changed by 3.9% in 1995, 5.7% in 1996, and 5.6% in 1997.

2000) and only reducing the proportion of poor by moving income from the very poor to those just below the poverty line (Jackson & Robinson, 2000). That is, the advances for some are often at the expense of others even less fortunate.

The second hypothesis analyzes the extent of child poverty. The second hypothesis claims that utilizing LICO and LIM “The level of child poverty was not reduced after the introduction of the Child Tax Benefit, in 1993.” This hypothesis is also supported by the findings.

Examining the extent of poverty, both poverty measures (LICO and LIM) indicated an increase from 1990-1993 and a slight decline in the number and percentage of families and children in poverty from 1993-1997. These findings are similar to those reported by Campaign 2000 (Report Card 1989-1999). Government officials and interested politicians may conclude this slight decline is a testimony to the CTB’s effectiveness in combating child poverty. However, it is important to emphasize that the decrease is so small that it hardly puts a ‘dent’ in the major increase in child poverty that occurred in the early 1990s. Similarly, the slight decrease in family poverty level between 1993 and 1997 did little to reverse poverty increases in the previous decade. Thus, whatever its merits, or lack thereof, the CTB cannot be said to be an effective remedy for child poverty. The observed increase from 1990 through 1993 may be attributable to the recession in Canada during the early 1990s. The decrease in the incidence of poverty from 1993 through 1997 may be attributable to the slow ongoing recovery in the economy from the recession. The change in the incidence of poverty

The Labour Force Survey (Statistics Canada, 1998) notes that unemployment rate (15 years and over) increased from 8.1% in 1990 to 10.4% in 1991, 11.3% in 1992. Unemployment started to decline in 1993 at 11.2% to reach 9.2% in 1997.

from 1993 through 1997 represents an improvement for only 2.3 % of low income families in Canada. Further, the CTB did not represent new money but only funds that would have been expended under the family allowance program. According to Jackson et al., (2000) data from the 1970 and 1980s demonstrate a gradual decrease in poverty during periods of economic recovery after a recession. Therefore, the most plausible explanation would be that the current gradual decrease in child poverty can be attributable to the economic recovery from the 1990 recession and not the CTB. This would be consistent with the statement by Jackson et al who commented that "the poverty rate has fallen only very slowly in the 1990s recovery, particularly for families with children" (pp. 35-36). They concluded that:

The main story that emerges is that, while market earnings and other transfers (e.g., child benefits) have grown very modestly in this period of recovery, social assistance and UI benefits have been cut quite deeply. The result has been almost no decline in the child poverty rate in a period of recovery, and an increased depth of poverty (Jackson et al. 2000, pp. 37 - 38)

The slight decrease in the incidence of child poverty is nowhere near what is required to adequately deal with the problem let alone reach the House of Commons 1989 declaration to eliminate child poverty by the year 2000. Even more disquieting is that the CTB structure, which is also the basic structure of the current CCTB would not be adequate to help families during the next recessionary period.

The discrepancy observed between a slight decrease in the extent of poverty and a more pronounced increase in depth of poverty for various types of families provides

further empirical evidence undermining poverty lines as true indicators of social progress (Picot & Myles, 1999; Jackson & Robinson, 2000). This is important given the federal government's introduction of the Market Basket Measure (MBM). While the MBM is an absolute measure of poverty, according to Shillington (1999), it's 'sleight of hand' immediately reduces child poverty by one-third without improving the standard of living of a single child. One could similarly reduce the number of children living in poverty by redefining children over 10 years old as "adults."

The third hypothesis stating that using LICOs and LIMs, "The incidence of child poverty was not reduced after the introduction of the Child Tax Benefit, according to the labour force status of family heads", was also supported by the data analysis.

The examination of child and family poverty according to the labour force status of the family head provides further support for the main idea expressed in the hypotheses evaluated by this research: that the CTB clearly did not effectively reduce the incidence and depth of child poverty.

The number of total employed family units below LICO increased between 1990–1993 and 1993–1997. The highest percentage change in the total of employed family units was from 1993–1997. The change in the number of employed/unemployed families seems to have had a greater impact than the CTB in the slight reduction of family and child poverty levels from 1993–1997. There was a 20% decrease in unemployment among low income families from 1993–1997. The concurrent decrease in both unemployment and poverty rates lend credence to the argument that the incidence of poverty rises in period of high unemployment and falls in periods of recovery (Jackson & Robinson, 2000; Pulkingham & Ternowetsky, 1996). The simultaneous decrease in

unemployment and poverty from 1993 - 1997, provides support for the statements made by the CCSD (1994; 1995; 1996) and others that a good defense against poverty is a job. However, the analysis also indicates that, as the number of employed families was increasing markedly so too was the number of employed family units falling below the poverty line. This finding also supports the argument that the best defense against poverty is not just a job, but a good paying job (Temowetsky 1993). As a group, families participating in the labour market are falling below the poverty lines faster than families who are not participating in the labour force (Tables 29 & 30). Thus, the present indices of child poverty can be partly attributed to lack of good jobs, low paying jobs (Hughes, 1995; Temowetsky, 1993; Hoover, 1992; Myles, 1991; Novick and Shillington, 1997) and to inadequate child and family social policies (Kitchen, 1997; Baker, 1995).

Among unemployed family heads, those below the poverty lines increased every year (44.5% in 1993, and 46.6% in 1997). The fact that more unemployed families are falling below the poverty lines provides further evidence that the stringent selectivity criteria and reduced benefits are having deleterious effects on working people who become unemployed (Canadian Labour Congress, 1999). The results indicate that Employment Insurance is one social policy that may have a greater effect in child and family poverty among unemployed workers, than the CTB, during the time periods analyzed.

The fourth hypothesis stating that using LICOs and LIMs, "The incidence of child poverty has not been reduced following the introduction of the Child Tax Benefit, according to the sex of the family head", were also supported by the findings.

The analysis of child and family poverty levels in relation to the sex of the family head also supports the hypotheses formulated by this research. Most of the heads of economic family units were male. It is important to note that the number of male-headed families below the poverty lines increased each year. However, male headed families below the poverty line represent a markedly lower percentage⁴⁵ of all male heads of families than do female headed families. The data indicate that in the three time periods analysed in this study, more than half of female heads of families were below the poverty line⁴⁶.

As noted, the number of employed family heads below the poverty line (LICO) increased each year⁴⁷. However, the percentage of employed female headed family units below the poverty line was notably higher⁴⁸. It should also be noted that in opposition to the slight decline observed in family and child poverty in 1997, female headed families below the poverty line increased by 18,007 units or 17.7% from 1993-1997. Thus as the number of women participating in the labour force increased, the number of female headed families below the poverty line also increased. That is, working did not raise female headed families above the poverty level

Among unemployed female heads, those below the poverty lines experienced a more severe level of poverty than that experienced by other family units. This supports the argument that the effects of UI reforms are detrimental to unemployed workers, but worse for unemployed women (CLC, 1999)

⁴⁵ (with LICO: 10% in 1990; 12.9% in 1993; and 12.4% in 1997)

⁴⁶ (with LICO: 58.4% in 1990; 56.3% in 1993; and 54% in 1997)

⁴⁷ (with LICO: 9.6% in 1990, 10.8% in 1993, and 11.5% in 1997)

⁴⁸ (with LICO: 34.2% in 1990, 31.5% in 1993, and 32% in 1997)

For poor families in general, and women led families in particular, moving into the labour force did not entail a move from poverty at a time when poor families are relying more and more on the labour market for their income. What we observe happening to all families, and to women lead families in particular, contradicts the notion espoused by governments (e.g., August 1999) that the best route out of poverty in neo-liberal times and governance is a job. The findings indicate that the labour market and work related income support programs (e.g., EI) are increasingly unable to sustain families above the poverty lines (Canadian Labour Congress, 1991:1999).

Similarly, the fifth hypothesis stating that using LICOs and LIMs, "The level of child poverty in female headed families was not reduced following the introduction of the Child Tax Benefit", was well supported by the data.

The analysis of poverty experienced by female headed family units relative to their labour force status indicates that, as a group, female heads experience poverty levels that are significantly higher than the poverty levels experienced among all family units. In contrast to the slight decrease in poverty level among family heads, the percentage of employed female headed families below the poverty line increased from 1993 - 1997. Poor women and their children are condemned to poverty if they are on social assistance or if they work for a wage. When women significantly increase their participation in the paid labour force, the number of female family heads falling below the poverty line also increases.

This analysis of child and family poverty levels according to the sex of the family heads strengthens the argument that the market is a place where: systemic inequality between men and women is clearly demonstrated (Lero & Johnson, 1994; Harder 1992;

Baker, 1994); that the labour market is the place where women are paid less and are destined to lower wage jobs in the secondary market; that women suffer the worst effects of economic restructuring; provide the reserve army of labour; and, that poverty has a female face (Lero & Johnson, 1994; Harder, 1992; Baker, 1994).

The literature review reveals that women get the short end of the 'wage gender gap stick' (e.g., Federal/Provincial/Territorial Ministers on the Status of Women, 1994; Harder, 1992) and that low minimum wages have greater negative effects on women's economic position because most minimum wage earners are women (Statistics Canada). The facts and the observations derived from the data allow one to say that women's subordination in a capitalist society such as Canada is noted in the undervalued work they do at home and at the market place. Income security programs designed to meet moral as well economic needs of this era (Hylliard, 1998) and the labour market operate in ways that keep women poor and dependent.

Last, the sixth hypothesis stating that using LICOs and LIMs, "The level of child poverty according to family size was not reduced, following the introduction of the Child Tax Benefit", were also supported by the findings.

The analysis of child poverty in relation to the number of children in the family unit shows that, as expected, LIM is a measure more sensitive to family size. However, the bulk of poor children reside in families with no more than three children. According to LICO, families with one, two and three children made up more than 95% of family units below the poverty line, in 1990, 1993 and 1997.

A general observation regarding the indicators used is that when using LICO and LIM as poverty measures, both show a slight variation regarding the number of families

below or above these poverty lines. The number of economic family units below the cut-off is usually higher with LICO than with the number of economic family units below the line obtained when utilizing LIM. As noted in a previous section, these variations are to be expected because both poverty indicators measure different parameters.

Another observation that is supported by the data analysis is the fact that using total income after-tax produces lower numbers of families below LICO (see Tables 18 and 19).

It is very difficult to attribute cause and effect when analyzing programs such as the CTB. The problem rests with the possibility of lurking variables that may be responsible for the observed change. However, the results provide sufficient support to sustain that the effects of the program CTB, on child poverty are negligible. What we observe is more the natural result of the persistent (since the 1980s) though gradual and subtle attacks (Durst, 1999) on the existing social welfare net, which culminated with the establishment of the Canada Health and Social Transfer Act (CHST), in 1995. The cut-backs to social assistance through clawbacks and de-indexing and overall reduction on expenditures for social programs delivered through the welfare state had deleterious consequences for families and children during the time periods analysed in this study.

The other observation that comes from the analysis of the data is that the business cycles in the economy with its fluctuations in employment/unemployment rates may have more influence on poverty rates than narrow, targeted programs such as the CTB.

The unanimous declaration by the House of Commons in 1989 to work toward the elimination of child poverty by the year 2000 was a welcome development. This declaration considered unacceptable the reality of children as described by Ed Broadbent,

the retiring NDP leader in his last speech as Member of Parliament, in 1989. Because of the negative consequences of poverty outlined in the introduction, the fact that the plight of poor children captures the attention of policy makers is a positive step in any country.

Yet while Canada was ranked by the UN as the best country in which to live, more than 15% of Canadian children and their families lived below the poverty line. If a 15% child poverty rate is accepted in the best country in which to live, then what level of child poverty is acceptable for a country ranked number 20, 80, or 130? The House of Commons declaration was also a positive step to pre-empt what could be a potentially embarrassing issue at the international level and one that, throughout the years, has been consistently brought forward by children's advocacy organizations and social policy researchers.

The Child Tax Benefit, a residual/targeted program, was the Conservative government's choice to disperse benefits more effectively and move toward eliminating child poverty by the year 2000. By adopting the CTB, the federal government moved to further cut aid to the poor than when the Liberals did by, for example introducing a clawback clause in the Family Allowances Program. That is, the provision of benefits to families with poor children moved further away from an institutional approach to social welfare, in which benefits are universally dispersed, to a residual approach to social welfare where only families in extreme circumstances are targeted to receive benefits.

As the analysis of the data indicates, the CTB, a targeted program devised by the Conservative government to reduce child poverty, was not effective in reducing the incidence and depth of family and child poverty. As predicted by others (e.g., NCW, NAPO), the CTB, by favoring those willing to work (the deserving) and by punishing

those who were not in the labour force (undeserving), effectively maintained or 'locked in' high levels of family and child poverty and did nothing to prevent an increase in the depth of poverty. In particular, the CTB did not reduce the extent of poverty among female headed families who, as a group, are known to be over represented among demographic groups affected by poverty

It can be stated that the CTB did not directly address child poverty. As will be explained later, the choice of the CTB is not inconsistent with the government's ideological view of social problems. The CTB, an income tested program, through the W.I.S. component (very directly) addresses one of the main causes of poverty- parents' lack of participation in the labour force. The data indicates however, that child poverty is caused more by lack of money than by parent's lack of participation in the labour market.

The examination of the data to answer the questions posed in this research indicates that the CTB did not significantly alter the reality of child poverty in Canada. Rather, what was observed in terms of child poverty policy, was more in concordance with politicians' objective of managing/reducing the deficit. The findings converge with Riches's argument (1990) that in terms of social policy, the deficit reduction strategy was operationalized through cuts to social assistance benefits, reduction in welfare dependency and reinstatement of the traditional work ethic.

The level of poverty experienced by children and families before 1990, and then up to 1997, reflects the level of social responsibility that the political forces in Canada's parliament considered appropriate to recognize. The results obtained in this research analysing three time periods from 1990-1997, and what we know about child poverty levels before, indicate that the plight of poor children was not a high priority for

successive Canadian governments. Canadian governments have not pursued what have proven highly effective in reducing child poverty in Nordic countries, namely a higher level of social investment. The results expose the contradiction between the public pronouncement of politicians and the observed outcome of the programs they have implemented to 'eliminate' child poverty in Canada.

Effective in this study means reduction in child poverty levels that would allow the expectation of eradicating child poverty, if not in the year 2000 (as promised), in the near future. In more concrete terms, the CTB would have been an effective program if child poverty levels had begun to compare with those of Nordic countries (3 to 5%). It is not unjust to ask politicians to eradicate a social-human problem⁴⁹ with the same celerity they showed when they reduced the deficit to zero to eradicate a financial-accounting problem.

⁴⁹ That themselves agreed needs to be eradicated.

9.2 Why haven't the CTB policies been effective?

A few questions arise from these findings. Why has a government that promised to eliminate child poverty implemented a program that exacerbates the incidence of poverty in some groups and is not effective in reducing child poverty? Why has the government chosen not to pursue proven, highly effective measures used in other countries? The answer to these questions are found by reviewing how the policy decisions made by political parties reflect the broader perspectives of the society and powerbrokers that sustain them.

The politicians of the three political parties represented in the 1989 House of Commons' resolution were all united in their view that capitalism is the best societal arrangement available to human kind. Most shared the view of society and social problems known as the "order perspective." They all reflect, albeit with different shades, one/or a mixture of the two paradigms contained in this perspective- the neo-conservative and the liberal.

Unlike the New Democratic Party, which has never formed the federal government, the Progressive Conservative Party of Canada and the Liberal Party of Canada have exercised executive power in the last two decades and, as such, are responsible for the economic and social agenda during this time, when family and child poverty remained significantly high. These two parties in particular share the view that in a capitalist society the market is the most appropriate vehicle to create and allocate resources and that poverty basically relates to individual shortcomings. They argue that freer trade enhances individual, national, and global welfare because it allocates resources more efficiently. More importantly, the market is to be free from any

governmental interference, particularly that coming from social welfare programs, that are expensive and make Canadian business less competitive (Pollak, 1998). As described by George and Wilding (1985), these politicians share the belief that inequality is essential for individual freedom and is a precondition for economic growth. They cling to the belief that economic growth will trickle down and lift people out of poverty.

Even though most of the politicians voting for the 1989 declaration shared these values, the existence of political parties as different entities can be explained by the different expression of these values in terms of social welfare approaches. Until 1984, it is clear that an institutional approach to social welfare predominated, when the Liberal Party held the executive power. The Liberal Party's policies and programs are informed by what Reistma-Street, et al., (1999) call the "Liberal Compromise" on the causes and solutions to child poverty. The "Liberal Compromise" holds that absolute poverty is unfair, but some relative poverty is inevitable and should be ameliorated. Thus universal types of programs, such as the Family Allowances Plan, were implemented. From 1984 and at least until the CTB was implemented in 1993, the power to design policy resided with the Progressive Conservatives. The Conservatives, led by Brian Mulroney, favored a residual approach to social welfare informed by what Reisman-Street, et al., (1999) call the "Market Cure" perspective on the causes and solutions to child poverty. The "Market Cure" views severe absolute poverty as undesirable, but the existence of relative poverty as necessary for motivation. Thus, for both perspectives, the "Liberal Compromise" and the "Market Cure" poverty is *sine qua non* in a capitalist society and given this understanding politicians informed by these approaches can not be expected to effectively work towards poverty elimination.

However, as the Liberals enacted the Family Allowances, the Conservatives, in line with their political and ideological views, and given their numerical majority in that particular Parliament, harmonized child poverty policy with the shift taking place in relation to the broader and predominant neo-conservative conceptualization of the welfare state. The high incidence of child poverty before 1990 and the high incidence of child poverty observed during the time analyzed in this study show that programs designed by either Liberal or Conservative politicians did not disperse family benefits in a manner similar to that used by Nordic countries to significantly bring down child and family poverty levels.

During the three time periods analyzed in this study, Canada's economy grew each year (2.9% in 1990; 3.3% in 1993; 5.7% in 1997). As observed, child and family poverty did not change significantly, some poor people became poorer, and the market place continues to be incapable of providing a living wage for a growing number of people. These are significant elements challenging the central argument of the order/anti-collectivists/market cure theories and perspectives and the validity of their preferred approaches to social welfare. Like in the rest of the world⁵⁰, economic growth in Canada has not resulted in financial improvement for a significant portion of the population. As Sen (1999; 2000) argues, economic growth without investment in human development does not improve living standards.

The reality of poverty around the world and the lack of positive results of the approaches implemented lend credence to alternative views. One such alternative approach is the Marxist/Conflict/Structural/Collectivist/Transformational. The theories

⁵⁰ As noted in the International section of this dissertation.

and approaches to social problems stemming from these perspectives have been present in academic discussions, but have not been expressed in the form of federal public policy. The political history of Canada indicates that social democratic and socialist values informed by Marxism have been present in some degree at the federal level through NDP Members of Parliament who have advocated for a more comprehensive welfare state (Graham, et al., 2000; Haddow, 1993). They have exerted some influence in the establishment of certain programs (Graham, et al., 2000; Armitage, 1988, 1996; Guest, 1994), but, social democratic or socialist values have never influenced the political structure in Canada to the extent they have, for example, in Nordic countries. The exclusion (and of late the absence) of these perspectives from the policy formulation table does not invalidate the values, explanations, critiques, and solutions they contain.

Three aspects of this theoretical socialist framework seem particularly relevant for this portion of the discussion. The first aspect relates to the emphasis this view places on collective responsibility for social problems. Social problems are seen as a collective responsibility, and poor children are seen as legitimately unable to meet the requirement posed by programs such as the CTB, and not denied portion of benefits because of the labour force status of their parents. The second aspect relates to the emphasis placed by politicians on reducing the public debt and deficit at the national and international level. This overwhelming drive is clearly benefiting Trans National Corporations and private bond holders as capital becomes more and more concentrated in fewer and fewer hands, both globally and nationally (HRDC, 1999; Barlow, 1992, 1993; Kerans, 1994; UNCTAD, 1993, 1994; E/CN. Sub.2/1995/15). As described in the international portion of this dissertation, the high and growing concentration of capital is taking place at the

expense of more than a billion people around the world, including more than a million children in Canada. This reality is hard to explain without acknowledging Marx's (1901) characterization of public debt as one of the most powerful stimuli for primary capital accumulation. Rich "lenders" grow richer while poor "borrowers" grow poorer- and public debt is one mechanism that feeds this trend.

In the case of Canada and given the triumphalist opinions regarding the success in dealing with public deficit/debt, it is important to keep Hay (1997) in mind:

Unless something is done to increase revenues, maintain low interest rates *and* make spending cuts, "doing the math" shows that Canada will continue to pay an ever increasing portion of federal revenues towards paying down the debt (Hay, 1997, p. 125).

The third aspect of a Marxist approach relates to the persistence of poverty and to the fact that ever more working poor are falling into poverty. The persistence of poverty, at a time of economic growth, tends to confirm that the production of poor people is the normal output in a capitalist system (Ternowetsky, 1983). The fact that more poor people work but remain poor because of socio-economic structural arrangements supports the argument that the poor constitute a reserve army of cheap labour ripe for exploitation. This reserve of cheap labour exists to keep wage rates down and to force worker compliance with the system through fear of unemployment and poverty (Marx, 1901). The findings of this research converge with those of Klein and Montgomery (2001) in support of the statement that poor families (i.e., welfare recipients) have become the reserve army of cheap labour the capitalist class in Canada uses to effectively lower wages and increase corporate profits.

Given the broader context within which child poverty policy is formulated, Marxism appears to be a more adequate tool to explain and to deal with child and family poverty. In particular, the perspective on child poverty stemming from this ideological viewpoint, that Reisma-Street et al. (1993) call the “Collective Challenge”, contains a significant value difference in relation to the “Liberal Compromise” and the Conservative “Market Cure”. By declaring poverty neither necessary nor inevitable, the “Collective Challenge” calls for the elimination of child poverty. Like international organizations (UNICEF, 2000; UNCTAD, 1992), the “Collective Challenge” argues that the elimination of poverty is very possible with a fairer distribution of material and political resources.

However, as socialist feminists correctly point out, Marxism does not address the overrepresentation of women among the poor. The findings of this research regarding women in the labour market, in conjunction with those reported by the Federal/ Provincial/ Territorial Ministers Responsible for the Status of Women (2001) in relation to unpaid domestic work, supports the socialist feminists’ “dual system” approach. The dual system approach links the undervalued work women perform inside and outside the home to their secondary status in a capitalist society. The findings of this research provide evidence to support their claim that the market is the place where class inequalities are reproduced, unequal gender relations perpetuated, and where gender and class relations intersect to reinforce women’s subordination.

The results obtained through this research and the results reported by many authors cited in this dissertation indicate the prevalence of poverty and a marked increase in the depth of poverty for some sectors of society. This calls into question the sincerity

of the commitment undertaken by the two political parties represented in the 1989 Parliament and have determined child poverty policy while enjoying parliamentary majority-the Progressive Conservative and Liberal. The results confirm Rodriguez 's (1995) statement that crude facts show that politicians seldom undertake childhood protection as a crusade, and only very few of them include children's rights as part of their core agenda.

Poor Canadian children, and their poor parents, like the poor children and their poor parents around the world, are excluded from the decision making process (UNICEF, 2000) and their voices are largely ignored in the circles where the decisions about more or less social investment are taken. This poses a significant challenge to social work as a profession, particularly to social workers involved in poverty research and policy formulation.

It is not only poor people's voices being ignored. Academics, researchers and organizations advocating for poor children have also being consistently ignored. The volume of work cited in this study shows that a great amount of research has been done into poverty; and that it is reasonable to believe that the cause, sites and dynamic of poverty should be known to politicians and government functionaries who have not determined to avoid the facts at all costs.

We know that the use of the most accepted poverty line indicator (Statistics Canada's LICO) shows that the reality of poverty, since at least 1976 (Special Senate Committee on Poverty 1976), has not changed much in terms of the extent and composition of child poverty. As noted in previous pages, in the 17 years between 1980

and 1997, with the exception of two years⁵¹, all 15 other years exhibited child poverty rates above 15% (to a high 20.9% in 1996) (NCW, Autumn, 1999, p.10). These rates are particularly high if for example they are compared, to the rates found in the Nordic countries.

⁵¹ (1980 - 14.9% and 1989 - 14.5%)

9.3 Where to from here?

The reality of poverty experienced by families and children for so many years, the amount of research conducted, and the lack of success of the programs put forward to deal with it, proves that good research, by itself, does not lead to policy reform to correct social ills. As Brodie (1996) and Williams (1996) argue, the main liberal empiricist assumption, that social policy design is a question of common sense once the facts are known, is naïve and fatuous! There is an incongruence between the solutions based on research advanced by advocacy organizations (e.g., N.C.W., NAPO, Caledon Institute for Social Policy, Campaign 2000, Alternative Federal Budget, 1998, etc.) and what the Canadian governments have implemented to alleviate poverty. In other words, successive governments have consistently ignored alternative approaches to deal with child poverty. I submit that this incongruence will continue for as long as the ideological perspectives informing politicians exercising executive power exclude the main component of the solutions advanced by many researchers outside government, that is more programs and more money to finance these programs (e.g., Battle & Mendelson, 1997; Baker, 1995; Punklinham & Ternowetsky, 1996, etc.).

Alternative approaches calling for greater social investment are supported by the experience of Northern European countries, which indicate that the main issues dealing with child poverty have to do with how much money and in what manner the state invests in families. In Canada, for example, government transfers have proven to be an effective instrument to prevent thousand of families from falling below poverty lines.

However, the findings of this research suggest that advocacy towards the elimination of child poverty centered on demanding increased government investment

through income supplement programs will continue to fall on deaf ears, at least in the foreseeable future. The evidence suggests that unless drastic ideological-political and socio-economic changes take place the ideal of having public policies aiming at preventing child poverty is not possible. This should not be interpreted as suggesting that we stop advancing and advocating alternative public policies aimed at preventing and ameliorating child poverty in Canada. There are at least two reasons to continue: One, the important success of other countries in reducing child poverty provides a solid base from where to advance alternatives to current programming; and two, while it is clear that the elimination of child poverty is not exclusively a research oriented endeavor, research can play an important role in contributing to create the necessary conditions to change the socio-political and economic climate to release child poverty policy from its current ideological chains.

As noted the locus of causation and where child poverty resides are known. The solutions to child and family poverty are also known and should cover both income security and early intervention programs. Research indicates that to solve child poverty it is essential to consider a combination of child centred programs, labour market strategies, taxation policies and government priorities (Baker, 1995; Kitchen et al. 1991; McGrath, 1996). UNICEF (2000) remarks that even partial success in attempts to reduce poverty requires integrated policy making.

Thus, based on the findings of this study and considering the success of some European countries (in particular those noted in the international section and the United Kingdom) the following initiatives will contribute to reduce child poverty in Canada:

Increasing child benefits in general both in the service and income security areas. In particular, raising the benefits of the income tested CCTB, which replaced the income tested CTB, in 1998. This increase should at least meet the Campaign 2000 proposal that the CCTB must contain a consolidated child benefit with a maximum of \$4,200 per child⁵².

In terms of employment related initiatives the provincial and federal governments should move (i.e., legislate) to close the gap between the minimum wage and the hourly wage required to reach the poverty line. At present the gap fluctuates from \$4.35 in Saskatchewan to \$6.06 in Manitoba (Campaign 2000, 2000). Such an increase will effectively lift many thousand workers from their current poverty levels. It will have a significant impact in reducing the number of women in poverty, as women are the largest group among minimum wage earners. The experience in the UK shows that a higher minimum wage raised the incomes of about two million people, two thirds of them women, by an average of 30% (UNICEF, 2000).

A working families tax credit can replace the Working Income Supplement. The WIS denies benefits to children based on their parents' labour force status reinforcing the notions of less eligibility and those of deserving/worthy and undeserving/ unworthy citizens.

The British government claims that the measures it has implemented have increased incentives for welfare recipients to leave welfare for work. Further UNICEF (2000), via an independent study, corroborated the British government claim and concluded that these recently implemented initiatives will lift 1.2 million British children

⁵² According to Campaign 2000 (2000) this would cost approximately \$9 billion a year.

out of poverty by April 2002. By April 2002 the British government will reduce child poverty by 9.3% from 26.3 to 17.0%.

The situation of all low income families with young children, and in particular that of working lone mothers can be improved significantly by the implementation of a national child care program (Drolet & Morissete, 1998; Friendly & Oloman, 1996; Baker, 1995). This child care program should increase the number of children receiving subsidies in regulated child care to reverse the trend observed in recent years where fewer and fewer children received subsidies (Friendly & Oloman, 1996). This national child care program along with early childhood development services should be made available and affordable to all low income families and in areas where children have been identified as vulnerable to poverty and its concurrent social ills.

Like in the UK, Canada's national child care strategy should aim to make free nursery school places available to many more three and four-year-olds, and special help should be targeted to children aged 0-4 in areas most at risk from poverty and social exclusion. According to UNICEF (2000) longer term measures such as these will assist in reducing educational under-achievement and rates of teenage pregnancy.

The actions recommended for Canada may help Canadian politicians to honour their 1989 promise to children in a period that will be shorter than the time it will take if they continue to deal with child poverty with programs such as the CTB.

The CTB, by harmonizing the child poverty policy area with the main objective of social welfare, is better suited to moving people (particularly women) into the labour market than to addressing other important factors that create and perpetuate family and child poverty. The CTB moves in the opposite direction taken by countries experiencing

significantly lower child poverty rates. The government of Canada, in contrast to Nordic countries whose policies are also to get people into paid work, has not complemented programs such as the CTB with a wide range of social policies to compensate for the inequalities caused by the market. In particular, programs to promote high employment and gender equity were absent in Canada during the time studied. Generous maternity leave allowances and a state financed universal day care have been proven to have a great impact in reducing child poverty (UNICEF 2000). They did not exist in Canada during the time examined in this dissertation. Recently, the government has moved in the right direction and extended maternity benefits to one year as of 2001. Incidentally, Norway, the country which replaced Canada as the number one country, according to the UNHDI, provides 42 weeks fully paid maternity leave (Ibrahim, 1997).

The plethora of poverty lines used in Canada reveals the importance social science researchers ascribe to poverty measures. Given that it is the government's intention to legitimize the Market Basket Measure as a new poverty indicator in Canada, and utilize a report methodology, which like the MBM administratively reduces the number of poor people, social workers involved in poverty research have some options. We can either engage in a new discussion regarding the method to count poor people, or we can remove ourselves from that discussion and adopt more of Ternowetsky's view regarding poverty-line research. This view is to focus more on issues such as inequality so that when child poverty becomes a political issue again the political parties are compelled to deliver appropriate responses. One of the limitations of this study is the lack of research into addressing issues of inequality such as income and wealth distribution. This issue is one that needs to be treated in the future steps of my research

programs. Another element that is also absent from this analysis and needs to be addressed is the fact that the CTB and child poverty policy is implemented within a context of different jurisdictional levels (federal/provincial/ territorial) given the federal character of Canada.

For purely research purposes, I will be interested in reviewing what effect the CTB would have had if the amount of money allocated for it had been the same or more than what was previously allocated to families with children instead of less. As an income tested program, the CTB did not show potential as a poverty reduction program. These results are consistent with what we knew from other countries already. Universal social insurance types of programs are more effective in lifting people out of poverty than means-tested programs (Hallerod et al., 1996; Mishra, 1996; Novick & Shillington, 1997). As Mishra (1996) indicates, means tested programs are there to assist people on social assistance but they are not there to lift them out of poverty. Proponents of means tested programs at present would have a hard time demonstrating that they are there to assist poor families with children. In practice, the CTB was more congruent with the overall government objective of managing/reducing the federal debt and deficit and in getting parents to work than in becoming an effective tool to reduce child poverty.

We basically know the nature, composition and locus of family and child poverty in Canada. The data indicate that government initiatives ignore a particular sector of the population. This poses another significant challenge, namely, how do we move from our critical theoretical understanding of child poverty to practical steps to begin the process of eliminating it? In other words, how can social work as a profession address the organizational needs of poor (working/non-working) women and poor (working/non-

working) families so that their situation is effectively improved through policy initiatives. The elimination of child poverty is not a research oriented exercise exclusively. Rather, it is a challenge whose solution resides beyond the boundaries of Academia.

Research indicates the elimination of child poverty worldwide is not beyond reach. For Canada, one of the better countries in the world in which to live, it should be less difficult to eliminate child poverty than it would be for worse off countries. If Canada is serious about eliminating child poverty it can allocate the equivalent of 0.46% of its GNP for social investment (UNICEF, 2000) or the \$12.7 billion the Campaign 2000 (Report Card 2000) calculates is needed to lift more than 1 million children out of poverty. Canada can use the net federal surplus calculated to be at least \$12 billion per year (Campaign, 2000) to eliminate child poverty. If this money is not available or not enough, and if politicians are serious about eliminating child poverty, the government could easily raise \$20 billion each year by asking corporations to contribute at the G7 average (Prilleltensky, 1997).

The reformulation of the social welfare system and the fact that child poverty continues to be significantly high requires a change in government direction. A new direction where alternative poverty research finds its content connected to policy design and program implementation is needed. However, we know that higher than present levels of social expenditure are in direct opposition to the tenets of the neoliberal agenda most elected politicians are fervently embracing. That is, research oriented toward the elimination of child poverty must consider the strengthening or creation of a political

will, much stronger than that which existed in 1989. All indications are that it does not exist at present⁵³.

The lack of ideological motivation to reduce child poverty shown by the Conservative and Liberal parties is facilitated by the ideological shift taken by the NDP. In addition to its squalid status in the federal parliament (McGrath, 1997) the drift to the right experienced by the NDP, the previous propeller of social democratic ideas and policies (at least at the provincial level), further deprives poor people of effective representation in presently existing political structures. The recent history of New Democratic administrations (Barlow & Campbell, 1995; Brown, Roberts & Warnock, 1999; Finn, 1996; Laxer, 1993) demonstrates that New Democrats are as implacable as Liberals and Progressive Conservatives in implementing the neo-liberal program. In particular, Brown et al., (1999) demonstrate how the social democratic principles that transformed Saskatchewan from a have not province into one with a decent standard of living have been abandoned, (although not always in rhetoric), by the political leaders who were supposed to carry on the social democratic legacy. In terms of child poverty policy (Hunter, 2000) shows how the social democratic government in Saskatchewan does not present innovative policy approaches to counter Ottawa's predominant neo-liberal approach. In Saskatchewan the social democratic government has introduced policy of horizontal transfer of benefits from the poor to the working poor, rather than a vertical benefit transfer program from the wealthy to the less well off (Hunter, 2000).

The creation or further development of an alternative political will become an imperative if the needs of those living in poverty are to be addressed. This political will

⁵³ The analysis of the CCTB from 1998 to the present may assist in indicating if there are more substantive reasons for this statement other than what poverty rates after 1997 indicate.

shall challenge the dominant ideological definition of social problems as stemming from personal deficits (low intelligence, laziness). It shall challenge the predominant notion that: "economic and social policies are beyond people's control, when in fact there are very real people setting policies and benefiting from them" (Prilleltensky, 1997, p.4). That is, a political will permeated with the conviction that in fact "not personal but systemic changes, such a modest increase in corporate taxation, would eliminate child poverty in Canada" (Prilleltensky, 1997, p.4).

The absence of such a political will does not mean it cannot be forged. The manner in which it can be developed is also a part in my research for the near future. In formulating such a proposal, there are precedents to look at. For example, Carniol (1990) describes the role and influence exerted by poor people, workers, organized workers on the development of social programming and the profession of social work. More recently, during the conservative government of Brian Mulroney we observed the experience of older Canadians who, at a specific juncture, organized themselves in such a way that their situation became a political issue that could no longer be ignored. Older Canadians, through mobilization and political action, created the political conditions to stop the de-indexation of their pensions and have since⁵⁴ experienced a lower level of poverty among their ranks. It happened politicians could no longer afford to ignore this neglected - but voting - segment of the population.

The introduction of the Child Tax Benefit expressed the federal government's acknowledgment that, for a growing number of people, the economic system will not provide a social wage. The commitment made by the Canadian Parliament in 1989 to

⁵⁴ At least until 1997

eradicate child poverty by the year 2000 was significant in that it placed on the public agenda, although temporarily, a serious social problem that damaged the past and threatens the present and future of children in Canada. Sadly, the political rhetoric did not translate into effective poverty reduction action. The inequality of the poorest in Canada has continued to grow and the number of poor children has remained consistently high. The CTB was presented as a child poverty reduction program but, as the results indicate, factors other than the CTB better explain the slight reduction in the number of families and children below the poverty line observed from 1993 - 1997.

The CTB, in agreement with what was the overall political direction of the welfare system, was designed to ensure that it was more attractive to work in low paying jobs than to receive assistance, and that those children whose parents did work were better off for it. It will also be part of my future research program to compare if the new NCTB brought forward by the new Liberal government in 1998 follows the CTB's objective of improving families' lives based on their work effort, or whether poverty levels were reduced.

The analysis developed in this study indicates that, despite the well intended pronouncement, the government's approach, in agreement with the predominant neo-liberal ideological view permeating the political spectrum in Canada, is incongruent with the objective of such pronouncements. The Conservative government of Canada decided to implement a targeted program, that was presented as a program to alleviate child poverty, but, at the same time, it was to act as an incentive for poor people to obtain the resources needed for their maintenance and that of their children through their participation in the labour market principally. The latter objective seems to have been

achieved as more and more families have moved into the labour market. The elimination of child poverty, however, remains a challenge as almost the same number of families remained below the poverty lines in 1997 compared to 1990 and many of these families became poorer in 1997.

10. References

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